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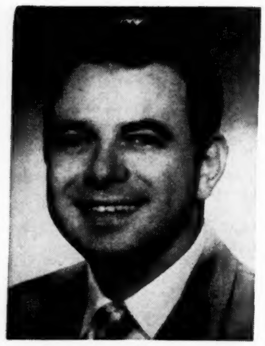
The NATIONAL UNDERWRITER

Life Insurance Edition

FRIDAY, FEBRUARY 17, 1956



HANS A. KAUFMANN

"When I think of my $25,000 income..."

January 2, 1956
Baton Rouge, Louisiana

Mr. Francis J. O'Brien, Vice President
Franklin Life Insurance Company
Springfield, Illinois

Dear O'B:

Just a few months ago I completed my sixth year with the Franklin. Reminiscing on those years I cannot help but think of my old college ambition to earn $10,000 a year. How quickly that became a reality once I learned about the PPIP and the JISP!

Now, my income is several times that original goal and this year's renewals alone exceed my annual earnings as an electrical engineer. And as I think of my $25,000 income in 1955, and look at my wife and children in our beautiful two-story home, I am thankful that there is a company where the financial independence of the agent is so important. The constant alertness of the Home Office to the needs of the men in the field has enabled us to become the highest paid agency force in the nation.

Franklin exclusives make the job easy. I have qualified for the 1956 Million Dollar Round Table. And most of my policyowners are now buying their second and third contracts. Acceptance of our exclusives has been overwhelming and their fine persistency has enabled me to earn the National Quality Award every year.

Now that we are working on the *third* billion the opportunity is even greater and I look forward to ever increasing prosperity.

Cordially,

Hans Kaufmann

A graduate engineer from L.S.U., Hans Kaufmann's earnings with a construction company lagged behind his ambitions.

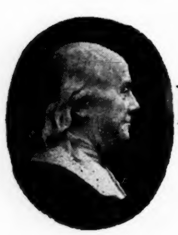
With no previous sales experience he associated himself with the Franklin in Baton Rouge.

Here is the record of his cash earnings:

1950	$ 6,030.30
1951	10,831.93
1952	14,106.52
1953	14,744.76
1954	13,004.73
1955 . . over	25,000.00

GENERAL AGENCY OPPORTUNITIES IN CHATTANOOGA AND BRISTOL, TENNESSEE

An agent cannot long travel at a faster gait than the company he represents!



The Friendly

FRANKLIN LIFE INSURANCE COMPANY

CHAS. E. BECKER, PRESIDENT — SPRINGFIELD, ILLINOIS

DISTINGUISHED SERVICE SINCE *1884*

The largest legal reserve stock life insurance company in the U.S. devoted exclusively to the underwriting of Ordinary and Annuity plans

Over Two Billion Dollars of Insurance in Force

THE NATIONAL UNDERWRITER, Life Insurance Edition. Published weekly by the National Underwriter Company, Office of Publication, 175 W. Jackson Blvd., Chicago, Ill., U. S. A. 60th year, No. 7, Friday, February 17, 1956. $7 per year (3 years, $18); Canada, $8 per year (3 years, $21); Foreign, $8.50 per year (3 years, $22.50). 30 cents per copy. Entered as second class matter June 9, 1900, at the post office at Chicago Ill., under the Act of March 3, 1879.

The NATIONAL UNDERWRITER

60th Year, No. 7
February 17, 1956

The National Weekly Newspaper of Life Insurance

Murphy Chairman, Dow President of Equitable Society

Hogg Named Vice-Chairman, A New Post, at Annual Meeting of Directors

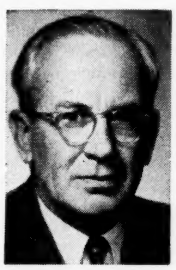
NEW YORK—Ray D. Murphy, president of Equitable Society since 1953, has been elected chairman and chief executive officer.

Charles W. Dow, a senior vice-president since 1953, becomes president.

Robert L. Hogg, formerly senior vice-president and advisory counsel, has been elected vice-chairman, a new post.

Mr. Murphy joined Equitable Society's actuarial department in 1913.

Charles W. Dow



Ray D. Murphy

A Phi Beta Kappa, he graduated *magna cum laude* from Harvard in 1908. He majored in mathematics and immediately started studying for an actuarial career while working for Massachusetts Mutual Life. He went to the former Hartford Life in 1910.

At Equitable, Mr. Murphy advanced via the actuarial route, becoming executive vice-president and actuary in 1950. He has been a director since 1947. He is a past president of Actuarial Society of America, a predecessor of Society of Actuaries and is one of the founders of the Institute of Life Insurance. Last year he was president of Life Insurance Assn. of America and has served on many committees representing the life insurance business.

Mr. Dow, Equitable's new president, has been chief investment officer since his appointment as senior vice-president in 1953. He graduated in mechanical engineering from Iowa State college in 1929 and went to work for Public Service Co. of Denver, then transferred to the parent organization, Cities Service Co., in New York City, as a budget engineer.

Mr. Dow resigned in 1935 to join Equitable as an industrial analyst and later became manager of the industrial securities division. He became a 2nd vice-president in 1949 and vice-president in 1951. He has been a director since 1954. Under his direction Equitable has gone into such new types of investments as buying locomotives and freight cars to lease to the roads on a long-term basis, and maintained a flexible investment program in other respects, adjusting its portfolio in line

(CONTINUED ON PAGE 24)

MANY HIT NEW PEAKS

Giant Strides in '55 Chalked Up by More Companies

BERKSHIRE LIFE

Berkshire Life's sales in 1955 totaled a record $49,276,574.

Assets rose to $163,660,725, up 8,058,-516. Income from investments was $5,891,976. Premium income rose to $14,923,172.

Payments to beneficiaries and living policyholders totaled $10,085,163. Living policyholders received 63% of the payments.

The reserve for 1956 dividend payments is 12.5% larger than in 1955. The new scale, effective next May 1, is the largest ever set. There will be no change in dividends payable on a small amount of old business based on 3.5 and 4% reserves. Dividends on some annuities will be adjusted, resulting in a modest decrease. Dividends on old business written on the 3% reserve basis have been increased and the scale modernized, resulting in increases in most cases.

Effect of the new scale will be felt principally in business written in recent years on the 2.25% reserve basis, where there will be a general increase on all plans and ages.

CENTRAL, IOWA

Central Life of Iowa recorded a 33% gain in new business in 1955, sales totaling $55,520,414. Insurance in force reached $433,862,020, a gain of $30,-122,233. Assets increased $6,908,839 to $141,820,241. After providing for a full year's dividend at the new scale adopted a year earlier, surplus increased $462,600 to $12,222,493.

Interest earned on invested funds during 1955 was 3.57% before federal income taxes and 3.35% after taxes. This compared with 3.49% and 3.31% corresponding figures for the year before.

Benefit payments of $8,277,946

(CONTINUED ON PAGE 24)

Oppose Disability, Retirement Changes at Hearings on SS

WASHINGTON—Expansion of the social security system by reducing the retirement age for women from 65 to 62 and providing benefits for disabled workers at age 50 is not in the public interest, particularly in the absence of adequate knowledge of the future impact of social security on the national economy.

This view was expressed by a panel of five life company spokesmen who

Provision of a joint and survivor option, with income reduced, in lieu of the proposed reduction of the starting date for wives retirement to 62, was suggested by Albert C. Adams, John Hancock, Philadelphia, secretary of National Assn. of Life Underwriters and chairman of its social security committee. Testifying at the Senate committee hearings on social security, Mr. Adams was appearing for NALU but made it clear that he was advancing the joint and survivor idea on his own, as it had not been cleared with NALU. Under his plan, a male beneficiary whose wife is less than age 65 could elect a reduced joint and survivor income which would be the actuarial equivalent of the amount that would otherwise be payable to them when the wife reached age 65.

For example, a man age 65 eligible for the maximum benefit could elect to receive an income of $148.50 during the lifetime of himself and his 62-year-old wife, with provision that if he survived her he would receive $99 a month for life, while if she survived him she would receive $74.30 a month for life.

appeared here on behalf of American Life Convention and Life Insurance Assn. of America at hearings conducted by the Senate finance committee on proposed social security legislation.

The life company representatives based their conclusions on the fact that

(CONTINUED ON PAGE 22)

Insurers Ask FTC to Use NAIC Rules On A&S Advertising

Industry Effort at Trade Practices Conference Is to Avoid Confusion

By JOHN C. BURRIDGE

WASHINGTON—The accident and sickness insurance industry made an all-out effort to convince the federal trade commission at a trade practices conference here last week that FTC should adopt the recently approved rules for A&S advertising approved by National Assn. of Insurance Commissioners. More than 200 company and trade association representatives and commissioners attended the conference with this object in mind.

Director Thomas R. Pansing of Nebraska, who headed the sub-committee of NAIC to draw up the rules and who has been more or less the liaison man between FTC and the industry, was responsible, it is understood, for arranging the insurance presentation, which was an excellent summarization of the NAIC rules, their background and meaning. Mr. Pansing pointed out that the NAIC rules are shortly to be in effect in 30 states and "as far as the industry is concerned these rules now constitute the law of the land."

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The insurance men made it clear their participation in the meeting conceded nothing to FTC jurisdiction, and at the close of the conference indicated they hoped the signing of any rules FTC might promulgate also would be interpreted in this light.

The conference lasted for a day and a half, the first day being devoted entirely to a reading and explanation of the NAIC rules, and the second to an open discussion involving objections to rules, etc. Commissioner Lowell Mason presided and made certain that no speaker got off on a side issue, although at the very end he allowed some questions and remarks on the matter of FTC jurisdiction.

Commissioners from 10 states attended and were introduced by Mr. Pansing. They were Knowlton of New Hampshire, Sheehan of Minnesota, Gillooly of West Virginia, Combs of Arkansas, Taft of Wyoming, Mahoney of Maine, Martin of Louisiana, Davey of Indiana, and first deputy Julius Wikler of New York.

Not everybody at the conference from the industry side, however, was in on the main act. Mail order insurers in particular had problems of their own in connection with the new rules. A. Alvis Layne Jr., general counsel of Assn. of Insurance Advertisers, noted that his organization had a trade practice conference with FTC back in 1948, resulting in the promulgation of rules for the direct mail advertising of A&S and other forms of insurance. He said the direct mail people are following

(CONTINUED ON PAGE 15)

Late News Bulletins . . .

Smith Resigns as Conn. Mutual President

HARTFORD—George F. B. Smith, president of Connecticut Mutual Life since last Feb. 25, has resigned on the advice of his physician. Mr. Smith, who has been in Florida on leave for the last two weeks, wrote to the board that his doctor had told him "that his health would be permanently impaired if he did not at once relinquish the responsibilities of his office."

The board Wednesday accepted Mr. Smith's resignation and named Chairman Peter M. Fraser acting president. Mr. Smith has been with Connecticut Mutual since 1925.

Before being named president he was executive vice-president and prior to that vice-president in charge of agencies.

Brainard Chairman, Beers President of Aetna

HARTFORD—Morgan B. Brainard was elected chairman of Aetna Life and Aetna Casualty and Henry S. Beers was elected president to succeed Mr. Brainard.

In Aetna Life, Lawrence M. Cathles Jr. was promoted to vice-president,

(CONTINUED ON PAGE 24)

New Variable Annuity Angles Brought Out

Day Tells Why Balance Requirement, Separate Subsidiary Are Faulty

J. Edward Day

The so-called "balance" provision that would require a life company to see that a purchaser's investment in variable annuities did not exceed his investments in fixed-dollar income contracts was discussed at some length by J. Edward Day, associate general counsel of Prudential, at the Chicago CLU chapter forum on variable annuities. Mr. Day also told why Prudential emphatically prefers the issuance of variable annuities through a "segregated fund" within the company rather than through a subsidiary corporation.

Following is a condensation of the parts of Mr. Day's talk dealing with these two features:

Not long ago an interview was reported in one of the leading insurance trade magazines quoting a leader in the life insurance business, who declined to be named. This man said it was dangerous for life insurance companies and life underwriters to talk about the desirability of balance because it might enable some of our

(CONTINUED ON PAGE 23)

R. L. Hogg Asks Pointed Questions on Possible Undesirable Results

Robert L. Hogg

In taking a negative, or at least skeptical view of the variable annuity, Robert L. Hogg, senior vice-president and advisory counsel of Equitable Society, embodied in his talk before the Chicago CLU chapter a series of penetrating questions. Many of them brought out points that have received little or no consideration previously by either the proponents or opponents of the variable annuity. Here are most of the questions posed by Mr. Hogg, substantially as he asked them:

• • •

Under the variable annuity, payments must be locked in to get advantage of the dollar averaging. Experience shows that the public is not sympathetic to this locking-in of funds. If provision is made to permit withdrawal in so-called hardship cases, are the companies prepared to assume the responsibility incident to such a situation? How much protection would they have? What would happen in the case of a rejected withdrawal claim if the market values of the equities subsequently declined?

Every such situation could become the subject of a court action in which the burden of proof would rest upon the insurer and the sympathies with the improverished policyholder. Could this not become a prolific source of litigation based on second guessing? In a state having an unqualified right to assign a *chose in action*, if the policyholder could not obtain the withdrawal from the insurer, he might be thrown into the hands of speculators, who would take an assignment of his future withdrawal rights for a very inadequate amount. Could not restrictions upon withdrawals become the basis for speculation at the expense of the policyholder? Maybe some assurances against this situation will appear. Until then the maintenance of public relations would be a serious matter.

Risk is the basis of every contract issued by life companies. Is there any comparable risk in the variable annuity system? In life operations the company actually assumes a risk. In the variable annuity, it substantially avoids risk.

How is it possible to conclude that, in the light of the unique character of the variable annuity business, it should be a life insurance operation? The mechanism does involve assumptions as to mortality and expenses, which the life side of the business would guarantee. But could not distribution be made without this guarantee, just as in the College Retirement Equities Fund? Is the guarantee of much significance—except for sales purposes?

Why should the existence of the life contingency factor warrant making the variable annuity a monopolistic operation for the life insurance business. Has our business ever taken such a position on any other occasion? We never used this monopolistic life contingency theory as an argument against savings bank life insurance.

• • •

We have said in this connection if savings banks were to write life insurance, their operation in that field should be subject to the same regulation as life companies. We did not say savings banks should not engage in the particular operation merely because it involved life contingency. This audience knows of other examples closer home where the life contingency mechanism is employed and no issue has been made over it. (Presumably this was a reference to annuities funded by trust companies.) What would the public reaction be to this monopolistic theory?

In the absence of a clear-cut statement of purpose of the variable annuity mechanism, can there be ethical sales methods? Are we after a retirement yield that will fluctuate with the purchasing power of the dollar or are we merely seeking to obtain a greater yield by replacing investments in debt obligations with investments in equities? . . . Is not this rejection of conservatism by life companies a retreat from the very position that distinguishes the life insurance business from speculative enterprise?

The salesman of a variable annuity, however, is not in a position even to talk about guaranteeing anything either in the way of a fixed amount of dollars or a definite amount of units. Both items are speculative. Regardless of what a statute may provide, the argument for the sale of the variable annuity must be based on state-

(CONTINUED ON PAGE 23)

John Hancock Makes Executive Changes; Canham Joins Board

John Hancock has made these promotions and appointments:

Philip H. Peters

Philip H. Peters becomes vice-president, group sales and service. Mr. Peters joined the company in 1938 and served as director of group sales and director of group sales and service before becoming 2nd vice-president in 1950. He is a CLU.

Bishop C. Hunt becomes vice-president and economist. He joined the company as economist in 1943 and was named 2nd vice-president and economist in 1950.

Morris Pike becomes vice-president, actuarial. He joined the company as associate actuary in 1945 and was named 2nd vice-president in 1951. He is a lawyer, also.

Dr. Frank A. Warner becomes vice-president and medical director. He was appointed associate medical director in 1951 and medical director in 1954.

John L. McCrea becomes vice-president, personnel and client relations. Mr. McCrea joined the company as 2nd vice-president in 1953 after retiring from the navy as vice-admiral and was named 2nd vice-president, personnel and client relations, last year. He is a lawyer, also.

Lawrence B. Gilman becomes 2nd vice-president, claims. He joined the company as attorney in 1946 and was named associate counsel in 1948 and claim director in 1954.

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Harold A. Grout becomes vice-president, with special responsibilities in connection with over-all company policy matters. He joined the actuarial department in 1913 and has been vice-president and actuary since 1946.

Harold A. Garabedian becomes vice-president and actuary. He joined the actuarial department in 1919 and has been vice-president, actuarial, since 1954.

Edward A. Green becomes vice-president and group actuary. Mr. Green was associate actuary of State Mutual Life before joining John Hancock as 2nd vice-president, group underwriting and research, in 1948. He has been vice-president, group underwriting, since 1954.

Robert E. Slater becomes vice-president, accounting and auditing. He was named research assistant in 1946 and advanced through various posts to vice-president and controller in 1953.

J. Edwin Matz becomes 2nd vice-president and controller. He joined the company as research associate in 1949 and was named 2nd vice-president, accounting, in 1954.

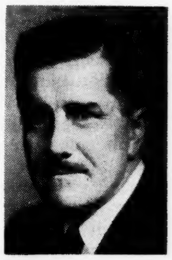
Erwin D. Canham, editor of the *Christian Science Monitor*, was elected to the board. Mr. Canham has held various posts on that newspaper and served on a number of special commissions and boards of the federal government. He is a writer, commentator and public speaker.

Minn. A&S Ad Code Hearing

Commissioner Sheehan of Minnesota has called a hearing for March 6 at St. Paul to consider adoption of NAIC approved rules for A&S advertising.

Maher Heads LUTC; Wardwell Named V-P

NEW YORK—Frank B. Maher, vice-president of John Hancock, has been elected president of Life Underwriter Training Council. He succeeds Herbert R. Hill, manager for Life of Virginia at Richmond.



Frank B. Maher

Trustee Chester T. Wardwell, associate general agent of Connecticut Mutual at Peoria, succeeds Mr. Maher as vice-president.

Benjamin N. Woodson, president of American General Life, was elected secretary, and Edmund L. Zalinski, vice-president of John Hancock, was elected assistant treasurer.

Maxwell L. Hoffman, comptroller of National Assn. of Life Underwriters, was re-elected treasurer.

Newly elected trustees include Guilford Dudley Jr., president of Life & Casualty; Philip Hoche, general agent of Kansas City Life at Orlando; Richard N. Lewis, vice-president of Great National; Lester O. Schriver, managing director of NALU; and Charles J. Zimmerman, managing director of LIAMA.

Mr. Maher, the new president of LUTC, has been with John Hancock since 1923 in the field and home office.

N.Y. Life Appoints Dunning Division V-P

New York Life has appointed James D. Dunning field vice-president of the northeastern division.

Mr. Dunning, who has been superintendent of agencies of the division, will continue to direct 16 offices in seven states from headquarters in Boston.

With New York Life since 1932 except for two years of naval service, Mr. Dunning has served in the field at Springfield, Ill., Indianapolis, Louisville, Spokane and San Diego.

All American, Chicago, Adds 'Life' to Name

The name of All American Casualty of Chicago has been changed to All American Life & Casualty. The company expects to be offering life coverages soon. It now writes a broad range of A&S policies, including major medical and non-cancellable forms as well as special plans for professional men and business executives.

Premium income for 1955 exceeded $2 million and after a cash dividend of $120,000 to shareholders, the surplus was increased by about $100,000. Capital is $2 million, plus surplus of $2,250,000.

Some 70 zone and agency managers and district representatives from the 16 states in which All American operates attended a sales meeting at Chicago to discuss plans for the coming year.

James A. Donohoo, former director of agencies for Associates Life and Associates Income of Indianapolis, has joined All American as a home office field supervisor.

P. F. McCarthy, left, Bankers Life of Nebraska general agent at Indiana, Pa., is awarded the President's trophy by C. H. Heyl, Bankers Life vice-president and agency director. Mr. McCarthy's agency, which produced in excess of $2 million in business in 1955, led the company's 45 agencies. The Welch agency, Chicago, was second.

Guarantee Mutual Life to Write Non-Can A&S

Guarantee Mutual Life has entered the non-cancellable and guaranteed renewable disability income field. The company confined its operations to ordinary life prior to 1948, when it introduced a line of disability income, medical reimbursement and hospitalization contracts.

The policies were introduced at the 1956 general agents conference at Omaha by President Ralph E. Kiplinger. Merrill Mial, superintendent of the A&S department, outlined the coverages and presented a comprehensive sales promotion program.

Two policies are being offered, differing only in the length of indemnity periods. Both are schedule type, participating, non-cancellable and guaranteed renewable to age 65. They are written so insured can understand coverages easily. All definitions are clearly stated.

SHOW 1955 INSURANCE RESULTS

	1955 New Life Ins. Bus. $	1954 New Life Ins. Bus. $	1955 Life Ins. Increase in In Force $	1954 Life Ins. Increase in In Force $
Commonwealth Life	183,693,850	179,103,888	97,523,841	85,136,694
Excelsior Life	52,789,892	48,516,356	29,288,603	26,774,049
Monarch Life, Canada	41,589,818	37,979,191	21,753,513	19,365,731
Paul Revere Life	105,272,279[1]	95,755,149[1]	74,339,013	67,965,320
Philadelphia Life	64,573,096[2]	53,179,365[2]	37,163,854	29,130,745

New business figures include the following amounts of revivals and increases for 1955 and 1954 respectively: [1]$16,692,303, $3,715,351; [2]$1,109,592, $1,247,187.

Prudential Promotes Chappelear, Austin; Moves Shuttleworth

Prudential has appointed Monroe Chappelear vice-president and Howard A. Austin Jr. 2nd vice-president.

Mr. Chappelear, who has been 2nd vice-president since 1949, recently was named head of the bond department. He joined the company in 1935.

Mr. Austin, executive director of agencies in the Minneapolis regional home office since 1953, will be in the ordinary agencies department at Newark. He joined the company at Kansas City in 1938.

James G. Shuttleworth, 2nd vice-president in the district agencies department at Newark since 1948, will go to Minneapolis to supervise all insurance sales activities in seven north central states.

Dr. Reeder Traces Trends of Today's Underwriting

Dr. Clifton L. Reeder, medical director of Continental Assurance, told Chicago Life Agency Managers that today's more complicated procedures for medical underwriting are not set up to reject applicants—but to put them in proper insurable categories.

He said underwriters' requests for electrocardiogram, x-ray and hospital reports are not devices to make an applicant a worse risk but a better one. Often, he said, insurers can give lower rates than they could if they had to guess in medical underwriting.

Dr. Reeder presented the agency managers with a thorough analysis of current medical underwriting developments and also discussed briefly the trends of non-medical underwriting. He also pointed to the increase of competitiveness in the life insurance business, calling it not a bad but a healthy situation. The pros and cons of the variable annuity, he said, are good, because it makes people think and finally decide how far they should go.

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Dr. Reeder said underwriters know what it means to an agent to sell and he assured the agency managers that there are no "dark deep secrets" to underwriting today. He said an agent convinced of underwriting practices will sell more.

However, Dr. Reeder pointed out that the life business is not now selling as much as it used to, pointing out that insurance got more of the consumer dollar during the depression of the 1930s than it does now. He said he didn't know the reason for this but said maybe it was partially due to the increase of term insurance.

Charles Jolly Retires as Pru Denver Manager

Charles D. Jolly, manager of the Mountain States agency of Prudential, Denver, has retired after 43 years in the business. He will continue to serve his personal and group clients. In a sales program conducted in his honor in January the agency wrote $1.5 million in business.

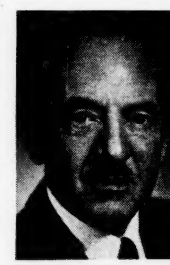
Mr. Jolly began his career with Prudential in 1913 at Trinidad, Colo. He went to Denver as assistant manager in 1929 and in 1938 was named manager of Oklahoma, Kansas and western Arkansas. He returned to Denver in 1942 as manager, succeeding Glen A. McTaggart who is now Prudential manager at Honolulu. At Denver, Mr. Jolly's territory covered Colorado, Wyoming, New Mexico and for a time Arizona. He has a large acquaintance thorughout the west.

Mich. Bills Would Force Payment of Benefits to Government Hospitals

LANSING, MICH.—Sen. Frank Beadle of St. Clair introduced bills in the Michigan legislature during the past week to force payment of hospitalization benefits in government hospitals or agencies under either A&S policies or hospital service contracts.

The measures would specifically prohibit issuance of A&S policies which carried exclusions for loss or expense in government hospitals and would prohibit the insurance commissioner from approving rates for hospital service contracts which carried such exclusions. Both bills were referred to the insurance committee.

W. M. Benton Retires from Mass. Mutual


W. M. Benton

Wrayburn M. Benton, 2nd vice-president of Massachusetts Mutual Life, has retired after 48 years' service.

Mr. Benton joined the company as a junior clerk in the policy department. After holding various positions, he transferred to the agency department in 1920. He has been agency inspector, assistant superintendent of agencies, superintendent of agencies and agency secretary. He was appointed 2nd vice-president in 1950.

Life of Ga. Promotes Richardson to PR V-P

Life of Georgia has promoted Al B. Richardson from director of public relations to vice-president, public relations.


Al. B. Richardson

Mr. Richardson will continue to direct the public relations and advertising activities, as he has done for nine years. He is president of Life Insurance Advertisers Assn.

Mr. Richardson was a public relations and advertising consultant in Atlanta before joining Life of Georgia. He previously was an Associated Press editor and newspaper reporter.

Title Changes Made by Provident L.&A.

Provident Life & Accident has made these changes in titles:

R. D. Albright to group actuary; H. C. Hanlin to associate actuary; Thomas B. Heys to personnel manager; Buckner S. Morris to associate counsel; Charles T. Cady to assistant counsel; D. W. Evans Jr. to assistant manager of the mortgage loan department; and S. E. Miles Jr. to loan supervisor.

ARTHUR C. KRUSE SR., 69, president and general manager of Schaefer Body Co., a national director of Aid Assn. for Lutherans, died at his home in Cleveland. He had been an A.A.L. director since 1929.

Whittaker Terms Potential in Major Medical Enormous

NEW YORK—Major medical is the coverage of the future, and in another 10 years there will be 100 million persons covered by it instead of the present four million, E. B. Whittaker, vice-president of Prudential, said in his talk here before the joint educational seminar of Bureau of A&H Underwriters and H&A Underwriters Conference.

E. B. Whittaker

It is a reassuring development, he said, that the business is finally breaking down the barrier of basic, first dollar coverage. As the costs of basic go up, buyers will turn to major medical and be able to get it at a good price. Mr. Whittaker noted that Blue Cross started during the depression years as a means by which hospitals could get their bills paid.

The rate for major medical must be gauged to the risk assumed, he believes. The approach by way of average rate is thoroughly unsound. Analysis has shown that medical expense increases in roughly arithmetic progression with increase in salary. There is also the increase in claim cost with age. He commented on the one, two, three claim cost rate for children, customer and wife. The real hazard of major medical, he said, is No. 3, the woman at older ages.

The main future problems of group A&S which remain unsolved are long term disability and continuation of A&S into retirement, he commented. Long term disability is a very difficult problem. The insurers have not forgotten their losses under disability income in the 1930s, and they are reluctant to embark on long term disability at younger ages. The solution to the problem probably belongs in the area of the pension plan, he said. He thinks that there may be too little time for the private insurers to solve the problem, that the government may attempt a solution through extension of social security.

With continuation of A&S into retirement the business faces a task of experimenting slowly. Life insurance has met the issue with paid up term. The employer puts dollars into a fund to buy term insurance for the man after retirement. He can't buy paid up insurance because of the tax in the year the employe retires. U.S. Steel has been funding this benefit with insurer and then continuing the insurance on employes after retirement. Mr. Whittaker wonders if the same route cannot be followed in major medical.

In selling any other kind of group insurance, the salesman has a hard time getting in to see the prospect, Mr. Whittaker commented. With major medical, he has a hard time getting out. It is the greatest attraction he declared. Nothing sells it like the facts, he added. The best sales material consists of an insurer's own major medical claim histories, and he presented several Prudential claims to illustrate his point.

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For example a major medical insured earning $3,420 a year became obligated for a medical bill of $13,853. The charges followed in each case by the amount paid by basic coverage, were: Hospital room and board $1,862, $840; special services $1,281, $200; surgery $500, $225; medical expense $688, $2[illegible]0; and nurses $7,222, physiotherapy $1,123, drugs $337, surgical dressings $170, braces $410; etc., nothing. Major medical paid $9,418, basic $1,545, and the employe $2,754. Another case involved an allergy. Medical fees amounted to $1,936 and drugs $352. Total charges were $2,390, of which major medical paid $1,591 and basic coverage $18.

Mutual Trust Promotes Three at Home Office

Walter A. Dinnerville, who has been assistant manager of the mortgage loan division of Mutual Trust Life, has been given the additional title of assistant vice-president. V. F. Dowling has been appointed assistant actuary and Robert S. Seiler assistant counsel.

Mr. Dinnerville joined Mutual Trust in 1928. With the company since 1947, Mr. Dowling previously was actuarial assistant. He now will head a new unit, the renewal premium division. Mr. Seiler rejoined the company in 1949, after an earlier period of service, and since has been in the law department.

Agency Passes Stepped-up Goal

After reaching its 1955 quota of $13,200,000 by Aug. 20 of last year, the Beckers agency of Equitable Society, Flint, Mich., set a new objective of $20 million and made it in December. The $20 million in business in 1955 is more than four times what the agency did in 1947, its first year, when it produced $4,155,887.

Sales Ideas That Work

Sharing in Fabulous Future of U.S. Calls for Careful Planning

If the new agent wants to take part in the fabulous future of America, he must prepare now by setting up both long-range and short-range plans for himself, according to A. Davis Baker, district agent of Northwestern Mutual Life at Worcester.

Mr. Baker spoke on "The New Man's Horizons" at the "friendship luncheon" for first-year agents at the company's eastern regional meeting in New York City.

He touched briefly on the long-range plan, estimating its length at eight years. The program should include the company's advanced underwriting course, CLU and LUTC studies and other courses. The agent must be better prepared each year. He needs both field experience and book learning.

The short-range plan should consist of a production quota, Mr. Baker said. To attain the quota, the agent should have his own insurance program to show propsects he believes in his product. But the agent proves nothing until he starts collecting premium notices.

He went on to suggest various aids in reaching the production quota. The agent should have $200,000 in his inventory every month and should use sales builders. Two specific plans, requiring "yes" or "no" answers, should be presented to hospital interns. New doctors in town should be seen every year, and seniors in nearby colleges should be seen annually.

Since half of the business is sold to old clients and half of that sold at age-change, an age-change file should be used. Mortgage prospects should be seen before they pass papers and move into the house. The local bank officer who processes mortgages is the source for these leads.

The "Welcome Wagon" is a good source of names. So is the newspaper. Send a clipping, such as a birth announcement, along with a business card to the prospect. Follow it with a letter, in which an educational plan might be suggested, then telephone for an appointment.

The best lead is the referred one, said Mr. Baker, but the agent must work to get them. He suggested writing down names of persons mentioned by prospects and asking for these leads when delivering the policy. See the new referred leads as soon as possible, he stressed.

Although the agent must plan on spending two or three nights a week on appointments, he will find many older customers will be available during the day. The agent should "fight for a daytime call" and use Saturdays. It is a good idea to see dentists in the early morning and visit a doctor every afternoon. Lunch should be eaten with a prospect or client.

Once the agent decides on the type of prospects he wants, he can find the right list of names. As an example, he pointed out that local dress shops are a good source of names of expecting parents. And since time is important, it must be used efficiently.

Mr. Baker predicted the United States will make its greatest economic advances in the next 25 years, with more children, old people, income, interest in security, schools and homes. Life insurance is the safest way to the goal of security.

The agent, emerging as a member of a professional group, now is a partner on the estate planning team and has an important role to play in the future, he said.

Prudential Names Day to Mortgage Loan Post

Prudential has appointed Henry B. Day regional manager in the northern New Jersey mortgage loan office. He succeeds Roy A. Kirkpatrick, head of the office for 10 years, who will retire soon.

Mr. Day, production manager in the New York City mortgage loan office since 1948, joined the company at Buffalo in 1936. He was assistant to the general manager in the mortgage loan and real estate investment department in 1947-48.

Goals, Deadlines Stimulate Agent to Best Endeavor

Objectives, goals and deadlines are a stimulus to competitive productivity, Jack P. Fine, Richmond agent of Northwestern Mutual Life said at the two-day eastern regional meeting in New York City.

Mr. Fine, speaking on "Managing Your Career," quoted one of his college professors who used to say, "Gentlemen, you can hold a job in 40 hours a week but you can't build a career."

The goals should be set and the sights raised every year, Mr. Fine said. One can become more excited over production figures than commissions. The heights to be scaled act as stimuli.

There is value in academic experience. The knowledge which builds the agent's confidence and competence results in trust on the part of the community. Mr. Fine praised the value of CLU and LUTC studies. But, he warned, education alone will not make income: it must be coupled with competence.

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Good associates are a great help to the new agents, Mr. Fine pointed out. He paid tribute to his general agent, Howard D. Goldman, and others in the office who have helped him get started in the business.

Although community responsibility is an obligation, good works must be done for themselves alone. They fall short as a business procedure.

Mr. Fine said secretarial aid is worth the expenditure because it helps him render better service and allows him to spend more time with clients.

He uses company-designed form letters, mailing 10 pre-approach letters a week and following up with telephone calls. He learned a telephone technique in order to obtain interviews. He demonstrated his method, which he has found is an effective way of suggesting and obtaining a brief interview. Use of the telephone saves time and does not hurt the agent's prestige. Daytime calls are preferable because they place the agent on a more professional basis.

Mr. Fine's secretary mails a reminder card to the prospect two days before the appointment. Few dates are broken.

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Because he is unable to serve the prospect without full information on him, Mr. Fine uses a sales talk to put the person in a mood to answer personal questions. He draws an analogy between his call and the prospect's visit to a doctor, who needs full information to diagnose the ailment. Then he asks questions to obtain personal facts about the prospect, his ideas, hopes, goals and prejudices.

The agent's ability in eliciting the information, combined with underwriting skill, make him equipped for the best estate planning, said Mr. Fine.

He often finds young men have simple needs, requiring accumulation of savings. In these cases there is no need to return to the office to draw up a plan. In more complex cases, Mr. Fine prepares a plan at the office, then returns to the prospect with a concrete proposal which includes a suggested amount. He reviews the policy at delivery.

Mr. Fine declared that his clients reap far more benefits from his services than he earns in handling their cases.

Life Official Says Canada Opposes National A&S

Stefan Hansen, director of group insurance of Great-West Life, declared that the Canadian public does not want national health insurance in a speech before the education seminar of Bureau of A&H Underwriters and H&A Underwriters Conference in New York.

He said that despite political efforts to legislate a joint provincial-federal national health insurance plan, public expression evidenced in recent elections and referendums has been almost completely adverse.

In arriving at his conclusion, Mr. Hansen assessed the results of various provincial elections, labor union declarations and sentiment, federal and provincial government views and past and present United States labor and government positions on the questions.

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He recalled that as recent as Nov. 2, a referendum in two sections of Saskatchewan, held by the socialist government there, overwhelmingly defeated a government medical care insurance plan. In 1948, he continued, Calgary defeated a municipal hospital insurance plan by a two to one vote, however, the city sbsequently passed a hospitalization-of-city-residents act without a referendum. Other cities in Alberta province followed suit. The plans were compulsory only for taxpayers, but non-taxpayers could join for only $8 a year. Yet, said Mr. Hansen, only 5% of non-taxpayers have joined.

A royal commission to study the need for a national health insurance scheme was urged by D. E. Kilgour, general manager of Great-West Life, at the company's annual meeting at Winnipeg. "It will be tragic," Mr. Kilgour declared, "if the people of Canada are rushed into a scheme which already has been appraised and rejected by the United States." He added there is time for an analysis that not only would clear public confusion but "give us a course upon which we could embark with unity and confidence."

Mr. Kilgour said that under the plan many of the 6½ million Canadians who now have some form of voluntary health insurance would have to accept ward care hospitalization on a compulsory basis where they now have semi-private plans. They would have to pay the difference. "State hospitalization is unworkable to the public satisfaction and long-term benefit," he concluded.

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"Could there be any stronger evidence of public opposition?" he asked.

Mr. Hansen cited polls and referendum results in the U. S. He said that a 1948 poll in industrial Detroit showed 12 to 1 against national health insurance despite official CIO blessing of the program. A state of Washington referendum in 1950 on cash sickness insurance was defeated by a four to one vote, despite heavy union leader support. Only four other states have passed similar bills, but none went before the public, he said.

"This (Washington) was the first time the voters had an opportunity to express themselves on this type of legislation, and the results were decisive. Similar bills were then before several other state legislatures and and have been since, but in more than five years since the Washington referendum, not one such bill has passed."

What pressures for national health insurance may be responsible for the impression that the public wants it? he asked. He listed first the labor leader demand, but cautioned that the rank and file have indicated no such support. Canadian counterparts of AFL and CIO have declared in favor of it, but recently shelved a resolution on the plan at a joint conference. In the U.S., he continued, leaders and members of the AFL carpenters and AFL teamsters are solidly opposed. He quoted one high labor official as saying there is no possibility of unions seeking government action to accomplish what can be done as successfully in collective bargaining.

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Mr. Hansen admitted that most civil servants and government workers in Canada support the plan, but said: "There are the men who are closest to our elected representatives. How are their personal views thought to be in the public view?"

He said two Canadian political parties, the socialists and communists, support the plan. But they aren't reflective of public demand, he said. The communists have no public support. The socialists control one provincial government, Saskatchewan, where compulsory government hospital insurance has been introduced. Since then, their strength has waned, he said.

Clearly the people of Canada oppose national health insurance, he said.

He added that the Truman administration tried unsuccessfully to sell national health insurance to the U.S.

(CONTINUED ON PAGE 19)

Berkshire Promotes Rosenburg to V-P; Advances 3 Others

Berkshire Life has made these promotions:

R. F. Rosenburg

Robert F. Rosenburg becomes vice-president and assistant to President W. Rankin Furey. He joined the company in 1954 and has been assistant vice-president. From 1937 to 1954, except for air force service, Mr. Rosenburg was with Connecticut General Life in the home office, as district manager in western Massachusetts and as assistant manager at Springfield, Mass.

Bruce D. Shepherd becomes underwriting secretary. He joined the company in 1951 and has been assistant secretary. He entered the business—the actuarial department of Connecticut General Life—in 1935.

M. G. Roy Wallace becomes associate actuary. He joined the company in 1948 and has been assistant actuary. Mr. Wallace entered the business with Equitable Life of Canada in 1938. He is a fellow of Society of Actuaries.

Eugene L. Amber becomes assistant treasurer. He has been with the company since 1953. He entered the business as an underwriter of Hartford Accident & Indemnity and later was a special agent in Portland, Me.

Guardian Field Advisory Board Meets with Company Officers

Guardian Life's 7-man field advisory board met in semi-annual session for two days at the home office with President James A McLain and other officers to give recommendations from the field and discuss plans and procedures.

Managers elected to board membership this year are Myron E. Bay, Newark; Hilcombe T. Green, Atlanta; James L. McDonnell, Oakland, Cal.; John C. Mills, Tampa; William J. Reilly, Cleveland; Robert L. Spaulder, New York City; and Jack Warshauer, Brooklyn.

R. R. NEAL AT N. Y.

Summarizes Federal Legislative Outlook for A&S Insurers

Legislation introduced in the House which would effect A&S insurance, particularly a bill which would prohibit A&S insurers from issuing individual or group A&S insurance which is contestable after three years, was discussed by Robert R. Neal, Washington, D.C., resident counsel of Bureau of A&H Underwriters and H&A Underwriters Conference, at the educational seminar conducted by both organizations in New York City.

The bill has been referred to the House committee on interstate and foreign commerce. Rep. Priest, chairman of the committee, is reported to have doubts concerning the legality of the measure, but believes that the subject matter is important and he evidences great interest in it.

Mr. Neal said that as a piece of prospective legislation, the bill is probably not of substantial concern, for it is doubtful that it would receive serious legislative attention from Congress at this session at least. However, the subject matter could be of great interest and importance and a bill such as this has certain inherent dangers, he said. Aside from the important question of state against federal regulation, the bill confuses contestability, the right to contest an invalid claim under a valid policy, with renewability, the option of an insurer to retire from a risk. The bill is important as a symptom of popular, though not necessarily informed, belief in the way things should be, Mr. Neal said. Such ideas, often based largely on emotion, are of a sort which sometimes take root and grow.

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It is well to reflect, Mr. Neal said, that there are problems which need the day-to-day attention, foresight and experience of a vital insurance business. Insurers must explore the areas and find the satisfactory solutions to avoid governmental interference. Among these are the problems of age and the aging, the older worker and his effect on pension plans as a deterrent to employment, the extension of A&S to the older ages and substandard risks, and major medical costs.

Referring to the administration's bill which would provide for full disclosure of financial operations of welfare and benefit plans established by employer or employe or employe organizations, provide benefits such as individual or dependent's hospital or medical care, pensions or retirement annuities, and compensation for injuries or illness, Mr. Neal said insurance is not opposed to reasonable disclosure, nor is labor.

The unions recommend revision of state laws to permit insurers to do business with unions without paying a commission if an agent's service is not involved. Unions also favor regulation of commissions when an agent's service is involved. This, Mr. Neal declared, would permit a form of wholesale purchasing by unions which would discriminate against other buyers. No good reason is apparent why this should be done.

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Reasonable disclosure would permit the forces of open competition to function more completely in the management of union welfare funds and would help insure sound management practices.

In the federal trade commission cases against A&S insurers, the next few weeks should be revealing, Mr. Neal said. The A&S advertising code adopted by National Assn. of Insurance Commissioners has been informally reviewed by the staff of the FTC and it is hoped they are substantially what federal rules will be if such are adopted, he said.

Adoption of such rules by the FTC and the administration of the state rules should spell the end of more complaints by the FTC. A further result from insurance compliance and cooperation with the rules could be the dismissal of the pending cases and the vacating of agreed orders.

Miller to Retire as Scranton GA

Robert H. Miller Sr. will retire March 1 as general agent of Aetna Life at Scranton, Pa., but will continue his association with the agency. He entered the business with the agency in 1913 and was named general agent in 1927. He is past president of Scranton General Agents & Managers Assn.

Interpreting Rules on Use of MDRT Insignia Poses Complicated Questions for Committee

May a member of the Million Dollar Round Table use the designation on his envelopes? His advertising? His stationery?


Clarence E. Smith

The answer to the first two is no; to the third, yes.

Questions like these—and many subtle and complex variants—keep the MDRT insignia committee busier each year, as Round Table membership keeps climbing to new highs.

Chief enforcement officer is Insignia Committee Chairman Clarence E. Smith, Northwestern Mutual Life, Chicago. Serving with him are Lester A. Rosen, Union Central Life, Memphis, and Carl P. Spahn, Equitable Life of Iowa, Chicago.

Over the years it's been necessary to evolve quite a comprehensive set of rules to make sure that good taste governs the various possible uses of the MDRT insignia, while avoiding needlessly harsh restrictions.

Use of the insignia or any other form of MDRT designation in advertising is forbidden as too blatant a use of one's membership. On envelopes? Not quite so brazen, perhaps, but still considered by the membership to be in poor taste and hence verboten.

To assure unquestioned uniformity in sizes and styles, the Round Table has contracted with certain suppliers for dies, keys, pins, and plaques used by its members. No one is authorized or permitted to use any insignia except those purchased through the Round Table chairman. Moreover, use of the official die is permitted only for the period that the member is qualified.

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The die may be used only on regular business cards, on business stationery other than envelopes, on announcements issued by a life company for mailing to a member's clients and friends, and in company publications in connection with publicity given its MDRT members. Instead of the die, a member in good standing may use the words "Member of the Million Dollar Round Table," preceded by current year of qualification, or, if a life member, those words may be used instead of the year. However, such wording may not be used on advertising.

In the use of the die, gold or silver or a color to match the stationery may be used. If more than one color is to be used in the die, or if a colored background is wanted in order to match company insignia, special permission must be obtained from the MDRT chairman and a special die obtained from the MDRT.

The Round Table, incidentally, is not fooling about these rules: Any member refusing to abide by them is subject to suspension or revocation of membership.

A point sometimes not thoroughly understood is that a life member—one who has qualified for three years in a row or four out of five successive years—has to keep his membership active even though he is not required to write a million of business. A life member who fails to qualify by paying his dues within the prescribed time each year or who fails to maintain his membership in his local life underwriters association ceases to be a member in good standing. After three years of non-payment of dues, he can no longer get himself reinstated but must qualify all over again as a new member.

"The great majority of companies having members are now cooperating fully in the effort to enforce the rules," says Mr. Smith. "This is extremely important, since many companies print stationery for their agents. Each company printing stationery should have on hand official life member steel dies in both large and small sizes and official electrotype dies in both sizes with the words 'life member' and also with the current year of qualification for qualifying members who are not life members.

"This requires that the latter be purchased annually from the office of the MDRT chairman. Home office printing departments should try to estimate stationery needs of qualifying or qualifying-repeating members who are not life members. If they fail to qualify for the succeeding year, they are not permitted to use stationery beyond March 15 of the year following the year of qualification, since they are not then members in good standing. If they qualify for the succeeding year, only the current year should appear on insignia."

Yungman, Conn. General, Retired

Alfred T. Youngman, director of sales research of Connecticut General Life since 1948, has retired after 24 years' service. He joined the company at Pittsburgh in 1932.

Overinsurance in A&S Not Bad—Yet

The danger of overinsurance today is not sufficient to impel insurers to seek any satisfactory inter-company system to prevent it, D. D. Cody, 2nd vice-president and group actuary of New York Life, told the group seminar of Bureau of A&H Underwriters and H&A Underwriters Conference in New York City.

Companies seek to minimize overinsurance through underwriting, he pointed out. But, if economic recession decreases income levels, overinsurance in the loss of time field would become actively dangerous. The effects will become more serious as total and permanent disability benefits, payable to age 65, become more popular on a group basis. And, he continued, as major medical coverage becomes more general, overinsurance will become extensive and dangerous in the medical care field. The danger is probably more imminent in the major medical field, he said.

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Specific dangers of overinsurance include the increased cost of insurance arising out of length of benefit periods of loss of time and more extensive utilization of medical care, introduction of a gambling element into contracts which are essentially designed to provide reimbursement for losses, high losses leading to high loss ratios on specific contracts involving losses to insurers, and friction between medical-hospital people and the public on one hand and between the medical-hospital profession and insurance on the other.

Specific instances of the latter danger, Mr. Cody said, are in Rhode Island, Tennessee and Georgia, where doctors and medical societies have expressed objection to patients pocketing benefit money in excess of scheduled fees to which the doctors are committed. Another danger is delay in the introduction of published fee schedules under which medical and surgical fees would be based upon family income regardless of the existence or extent of insurance. Hospital beds may be wastefully used because the patient gains the longer he remains confined, Mr. Cody pointed out.

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Overinsurance could be minimized by selling adequate benefits so that duplication would not be so justified. Companies could also avoid insuring employed spouses having group insurance with other employers. They could avoid superimposing one group plan on another.

Insurers could include in deductibles under major medical the benefits which any other policy provides. Or, he suggested, a proration clause could be used which took into account earnings in the case of loss of time and insurance with other insurers under medical care.

The concept of the proration provision is a departure from the traditional operation of group policies, since it would restrict the payments under all contracts in the aggregate to reimbursement of loss rather than merely the payment of benefits irrespective of corresponding payments under other policies, Mr. Cody said.

Members of the bureau subcommittee on overinsurance, of which Mr. Cody is chairman, believe the operation of the proration provision should be restricted to longer periods of disability under the loss of time coverage and to the more costly medical care situations in order to reduce administrative problems and to avoid delays in smaller claim payments.

Because of the absence of underwriting information about coverage on individual employes at the time of their entry into group plans, the subcommittee feels it would be necessary to establish a central clearing house for information.

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Return of premium under group policies would be impractical and unnecessary for equity reasons, Mr. Cody said. Group insurance, because of the absence of individual selection and payment of premiums by the employer present different problems than individual insurance. The restriction of the proration provision to the largest claims implies that insurance protection without proration has been in existence with respect to every employe. The determination of the appropriate small percentage of the premium needed for benefits specifically affected by proration would be very difficult, Mr. Cody said.

He said he believes the proration clause should be considered now to stimulate thinking about the design of a practical clause so that it could be adopted later when the need is clearer and to attempt to develop a consistent attitude among insurers so that satisfactory advice can be given state insurance departments that wish to recommend statutory provisions of this type.

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However, the subcommittee does not believe that any companies are prepared to adopt such a clause because widespread abuses have not been sufficiently established to encourage the companies to face the resultant complication in claims payments.

Mr. Cody also pointed out main points of the subcommittee's latest draft of the relation-of-earnings-to-insurance clause. It is intended to extend it to group and individual policy benefits, statutory cash sickness benefits and to any formalized uninsured benefits, he said. It would be used only in cases of disabilities of more than 91 days and for total weekly amounts of at least $50. It is related to maximum benefits of 70% of earnings.

The subcommittee feels that such a statute should be of a permissive nature at least until experience is obtained, and the subcommittee is not pressing for immediate enactment of such a statute for group insurance.

Estimate Catastrophes Killed 1,500 in 1955

Metropolitan Life has estimated that catastrophes in the U. S. in 1955 killed about 1,500 persons, up about 300. Catastrophes are defined as accidents in which five or more were killed.

The increase reflected a rise in major catastrophes. In 1955, there were nine major catastrophes which took 25 or more lives each, but only four in 1954.

Natural disasters accounted for five major catastrophes, the most costly being hurricane Diane and the ensuing flash floods which left a death toll of about 180, mainly in Pennsylvania and Connecticut.

Jefferson Standard Dedicates New Greensboro Agency Building

Jefferson Standard Life has dedicated its new Greensboro agency building at O. Henry square, 301 Battleground avenue. Guests included Gov. Hodges of North Carolina, Commissioner Gold and Mayor Morris.

President Howard Holderness, board members, officers and agency members attended the program and a luncheon. W. H. Andrews Jr. is manager.

Moreen Warns Against Overselling of New Comprehensive A&S

Although the comprehensive medical plan is the finest health insurance protection yet developed, the insurance business should not move too fast with this new product.

That was the warning of Howard A. Moreen, secretary of the group division of Aetna Life, at a 3-day joint educational seminar on group and A&S held in New York City by Bureau of A&H Underwriters and H&A Underwriters Conference. He took part in a panel discussion on replacing basic forms of coverage by a major medical plan with a low deductible.

There are many approaches to how comprehensive plans can be underwritten best and to how they can be made more attractive to employes, Mr. Moreen pointed out. Experimenting is being done in this field. While greater numbers under an experiment make for more conclusive results, the need to build this new product soundly from the start seems to dictate a moderate degree of restraint in sales efforts, he explained.

"Let's not oversell this new product; rather, let's also spend time educating the public about a new health insurance concept," Mr. Moreen advised.

As for the popularity or acceptability of the comprehensive plan, he felt that insurance company underwriters all recognize the inherent sound principles upon which it has been developed. Agents and brokers like the plan because they are anxious to present new ideas and products to their clients. Employers generally will be a receptive audience because they appreciate the need for screening out small bills by having a deductible amount applied against the first dollar. They recognize the value of coinsurance which makes the employe a financial partner in the medical services and supplies he requires, and they are aware of the need for broader health protection that is truly comprehensive.

Employes, however, generally do not like deductibles and coinsurance in health benefit plans although they do like the catastrophic nature of the comprehensive plan and the wide range of medical expenses covered, Mr. Moreen declared.

"I don't want to imply that employes can't be sold the comprehensive plan, but we must appreciate that the sale may not be easy," he said. "We can blame no one but ourselves for this situation, since we have been selling first dollar hospital and surgical benefits at a fantastic rate during the past decade."

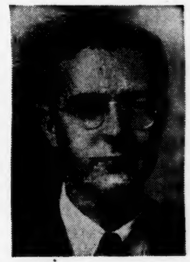
There is a good chance of getting employes to give up their first dollar hospital and surgical benefits if they have a basic plan which is not operating to their satisfaction, or if employers will absorb a suitable portion of the total cost to make the comprehensive plan more attractive to employes. Also, without the full cooperation of employers who are dedicated to the comprehensive principle it might be impossible to sell the plan to employes initially or difficult to keep it sold in the future.

In selling a comprehensive plan to an employer, it is essential that he fully understands its advantages and disadvantages, Mr. Moreen said. It is well to point out that the plan will not do as good a job for some claims. The employer must be able to defend the plan and explain its soundness when employes come to him with complaints.

Special features have been devised which make it more attractive to employes. Some of these are no deductible on hospital expense, full reimbursement on the first $250 of hospital expense, and a higher rate of reimbursement for hospital and surgical expenses than for others. Although these features make the plan more acceptable to employes, they compromise the sound insurance principles of a comprehensive plan, Mr. Moreen admitted.

First Colony Names Roy Foan Agency V-P

Roy A. Foan has been appointed vice-president and director of agencies and a board member of First Colony Life of Lynchburg, Va.



Roy A. Foan

Mr. Foan has been with Union Casualty & Life since 1953 as vice-president and director of agencies. He entered the business with U. S. Life in 1937 and rose to assistant to the president and director of agencies. He joined Postal Life in 1948 as agency vice-president, advertising director and trustee.

First Colony Life was chartered last November with authorized capital of $2,225,000. It will sell life, A&S and group and plans to expand into other states. President is Edwin B. Horner, president and director of the Virginia investment banking firm of Scott, Horner & Mason.

Fidelity Mutual Parley

Fidelity Mutual Life held a home office seminar for 18 new men invited for their length of service, sales volume and production trend. They were recommended by their general agents.

The seminar's purpose was to give the men a broad concept of the career agent's profession and a chance to meet company officers. They learned how the departments operate and how they are related to sales. Topics covered included prospecting, single needs selling, programming, direct mail, quality business, settlement options and claims handling.

Columbian National Names Wolfe

Columbian National Life has appointed Barry L. Wolfe regional group office manager at Chicago. He has been group supervisor of Liberty Mutual in Chicago.

John Hancock Installs Univac in Home Office

John Hancock has put a Sperry Rand Univac into operation at the home office. President Paul F. Clark and Charles L. Ayling, senior director, pushed a lever setting the giant electronic computer to work.

The computer, capable of executing 2,000 instructions a second, first will handle premium billing for all ordinary insurance. Several months of preparation have gone into programming the computer to handle this job, which involves 5 million premium notices a year. The computer can produce more than 100 premium notices a minute.

The Univac's next operation will be preparation of the home office payroll. It is expected the computer will handle 7,500 pay checks an hour.

By eliminating many tedious and boring jobs, it is expected the Univac will result in a general upgrading of job levels, Mr. Clark said. Seventeen home office employes have undergone intensive training for the computer.

The system includes a large central computing machine which reads tape at the rate of 100 inches a second. One reel of tape holds as much information as 15,000 punch cards. The system also includes a variety of auxiliary machines which convert information to the magnetic tape for use in the central computer, and which later convert the answers produced by the computer to printed form.

Osborn to Agency Post

Connecticut Mutual Life has named D. Ross Osborn agency assistant to aid in agents' training. He joined the company at New York City in 1953 after five years as a special agent of federal bureau of investigation.

Pilot Life GAs, Managers Meet

Pilot Life held a 2-day meeting at the home office for 23 general agents and 20 district managers who met their over-all quotas in 1955. Harold P. Dillon, general agent of National Life of Vermont in Atlanta, was guest speaker.

EDITORIAL COMMENT

FTC Is Calling the Shot

The trade practices conference on accident and sickness insurance advertising at Washington last week was remarkable for the supply of outward friendly spirit on both sides, but the ability of the insurance representatives to exhibit a cooperative attitude, all reason to the contrary, calls perhaps for a little review of FTC-insurance relations over the last two years.

When the A&S companies were asked about two years ago to submit to FTC copies of all their advertisements of the preceeding 12 months, the request was accompanied with soft explanations to the effect that this was only to be a sort of survey. Not a word was said of possible citations, but without warning FTC used those advertising samples to attack 40 companies indiscriminately and the business in general. Some of the cited companies had been told by FTC representatives they were doing a good job and were thanked for their helpfulness. Yet even after the first 15 insurers had been slapped and it was clear this approach was condemning without a trial not only those 15 companies but the entire private A&S industry as well, FTC continued to use the same self-serving methods. Twenty-five additional companies were cited on two year old or older advertising, not one of the insurers receiving the slightest prior notice. FTC went so far as to tell the press that hundreds more companies could and might be brought before the bar.

The business simply did not have retaliatory measures open to it, and had to take the underhanded, insulting treatment lying down. Naturally the resentment was terrific.

National Assn. of Insurance Commissioners and the companies got together and worked out an advertising code. There was a double purpose here —to beat FTC to the punch in the formulation of A&S advertising rules, and to devise something which could serve as a model for FTC adoption.

It should not be assumed of course that there were no bad A&S insurers, or no insurers engaging in from poor to downright dishonest advertising. But such companies were few in number, and state authorities, industry trade association, Better Business Bureaus, unfavorable publicity and public opinion were all working effectively for reform. FTC had to be aware of this, but it jumped on the band wagon and grabbed the reins. Now FTC is ready to take bows for accomplishing wonders, most of which were on the way anyhow.

Last week's trade practices conference was called by FTC, the industry didn't ask for it. Commissioner Lowell Mason admitted during a press meeting Feb. 8 that the commission vote was only 3 to 2 for the conference and the commissioners were greatly worried that only a few people would show up. FTC had no reason to believe a business whose reputation and standing it had tried to destroy would cooperate in good faith for a second time, but that is what happened.

So, from the start of serious negotiations between FTC and the A&S industry, the industry people have done their full share of cooperating. The stage has now been reached where FTC for the second time will determine the course of events, and the fervent hope of the industry people is that whatever FTC decides to do it will be something the business can live with. There was hardly a person at the trade practices conference who didn't feel that no matter what sort of an advertising code FTC promulgates, it will result in some confusion. Thus the question is what will the degree of confusion be, and that is entirely up to FTC.

If FTC takes the most cooperative course it will adopt the NAIC rules and use the interpretative guide. This would set up dual supervision, but at least it would be under a single standard. Every deviation from the NAIC code or from the interpretative guide will mean more confusion and more conflict. The 10 commissioners and the more than 200 company representatives who attended the trade practices conference did so because they believed they had developed an adequate advertising code which would meet every FTC desire. By the time FTC releases its rules, the NAIC rules will be in effect in 30 states; it would be frivolous of FTC, to say the least, to decide simply for the sake of showing its own authority to engage in fancy word changing or unnecessary rule adding.

Those from the FTC who attended the trade practices conference should not be deluded into believing that simply because the company representatives did a thorough job of presenting their case in a pleasant manner that the business likes FTC, or trusts it or its motives. Many of the men in attendance were there only because they felt they had to make the best of a bad situation. Experience has taught them they cannot afford to look for the best to come from the conference, despite the optimistic words of Commissioner Mason that the business must live on hope, not despair. That is a platitude that goes without saying. Most of the industry people hope for the best and expect the worst because FTC has taught them that is all there is to expect.

If FTC desires to continue its effort to wreck the A&S business, it can put out a set of independent rules full of statements in conflict with the NAIC rules and it can interpret its rules in its own private way. This will make advertising so difficult as to be virtually impossible and will thus cripple the sale of A&S insurance.

Or, the FTC can demonstrate that the fine words and compliments of Mr. Mason were in earnest and adopt a code which will not produce chaos. This will enable FTC and the state authorities to work in harmony without raising the ugly jurisdictional question every time an advertisement appears. The companies will have a chance to progress under government blessing.

We sincerely hope the trade practices conference was a step towards a meeting of the minds and not the prelude to disaster.

PERSONALS

Joseph A. Navarre III, son of **Commissioner Navarre** of Michigan, last week married Margaret A. Shearer of Jackson, where the Navarre's make their home.

J. R. Townsend Sr., Indianapolis general agent for Equitable of Iowa from 1924 until his retirement in 1950, has resigned as head of the Indianapolis park board, a position he has held since 1952. When Mr. Townsend retired as general agent he was succeeded by his son, J. Russell Townsend. He will again devote full time to his personal clientele.

Herbert Geist, general agent for Massachusetts Mutual Life, Chicago, has been named chairman of the insurance group in the business division of the 1956 Chicago Heart Fund drive.

O. Kelley Anderson, president of New England Mutual Life, spoke on the importance of management in a competitive economy before Boston Management Club.

Vice Admiral **Harvey Overesch,** U. S. N. (Ret.), flew from London, England, where he is attached to the U. S. Embassy, to attend the annual meeting this week of North American Life in Chicago. Admiral Overesch, a board member of the company, traveled from Tokoyo to attend last year's meeting. He then was with the Department of State. His father, Henry B. Overesch was one of the founders of North American Life in 1907.

Asa V. Call, president of Pacific Mutual Life, received the 1955 award given by the Los Angeles Realty Board to the citizen considered by a committee of civic and business leaders to have performed the most valuable service for Los Angeles in the preceeding year.

Alan Beck, editor of New England Mutual Life's *Pilot's Log*, is the author of an article, "What Makes a Sports Car?", which appears in the March issue of *Road & Track*. Mr. Beck's affection for the "fast-moving, slow-drifting, road-loving heap of mechanistic perfection" shines forth as his love for children did in his famous New England Life advertisements, "What Is a Boy?" and "What Is a Girl?"

DEATHS

CHARLES R. GARVIN, 69, general agent of Connecticut General Life at Columbus, O., died of a heart attack at his home there. Previously he had been confined in a hospital for a short time. Mr. Garvin had been with Connecticut General for 42 years. Active in life insurance organizations, he held official positions in several groups.

T. JANNEY BROWN, 88, associate general agent of Penn Mutual Life in Washington, D.C., died at his home in Georgetown. In 1890 he became the youngest general agent of Penn Mutual, at the age of 23.

J. ROLLIN YOUNG SR., an actuary in the policy examination division of the Illinois department, died suddenly in Memorial hostpial, Springfield, where he was taken after having teeth extracted. Mr. Young, 56, started in insurance as a young man with Franklin Life.

Miss. Bill Would Tax Blue Cross

The Mississippi senate has passed a bill which would levy a 1½% premium tax on Blue Cross. Result of the bill would be a $174,000 tax every two years. Sen. Burgin of Columbus, speaking for the bill, said Blue Cross may have needed the tax exemption when it began operations, but its infancy has passed. He added that Blue Cross opposes the tax but, he asserted, the services and benefits will not be affected in any manner by it.

Smith of Pa. May Run for Another Office

Commissioner Smith of Pennsylvania has been endorsed by the policy committee of the Democratic state committee as the party's candidate for nomination as state auditor general in the April 24 primary election.

Dr. W. F. H. O'Neill, Franklin Life medical director, discussed "Insuring Substandard Risks" at a meeting of Springfield (Ill.) General Agents & Managers Assn.

The NATIONAL UNDERWRITER
—Life Insurance Edition
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Assistant Editors: John B. Lawrence. Jr. and Eloise West.

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Assistant Editors: Richard J. Donahue and Charles L. Manning.
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Joseph H. Head, Secretary.
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420 E. Fourth St., Cincinnati 2, Ohio.
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BOSTON 11, MASS.—207 Essex St., Rm. 421, Tel. Liberty 2-1402. Roy H. Lang. New England Manager.

CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 2-2704. O. E. Schwartz. Chicago Mgr. R. J. Wieghaus. Resident Manager.

CINCINNATI 2, OHIO—420 E. Fourth Street, Tel. Parkway 1-2140. Chas. P. Woods, Sales Director; George C. Roeding, Associate Manager; George E. Wohlgemuth, News Editor; Roy Rosenquist. Statistician.

DALLAS 1, TEXAS—708 Employers Insurance Bldg., Tel. Prospect 1127. Alfred E. Cadis. Southwestern Manager.

DETROIT 26, MICH.—502 Lafayette Bldg., Tel. Woodward 1-2344. A. J. Edwards. Manager for Indiana and Michigan.

KANSAS CITY 6. MO.—605 Columbia Bank Bldg., Tel. Victor 2-9157. William J. Gessing, Resident Manager.

MINNEAPOLIS 2, MINN.—1038 Northwestern Bank Bldg., Tel. Main 5417. Howard J. Meyer. Northwestern Manager.

NEW YORK 38, N. Y.—99 John Street, Room 1103, Tel. Beekman 3-3958. J. T. Curtin and Clarence W. Hammel. New York Managers.

NEWARK 2, N. J.—10 Commerce Ct., Tel. Mitchell 2-1306. John F. McCormick, Resident Manager.

OMAHA 2, NEBR.—610 Keeline Bldg., Tel. Atlantic 3416. Fred L. White, Resident Manager.

PHILADELPHIA 9, PA.—1027 S. Broad St. Room 1127, Tel. Pennypacker 5-3706. Robert I. Zoll, Middle Atlantic Manager.

SAN FRANCISCO 4, CAL.—Flatiron Bldg., 544 Market St., Tel. Exbrook 2-3054. A. J. Wheeler, Pacific Coast Manager.

J. P. Swift Replies to 'Inconsistency' Charges of Texas Governor

Replying to critical statements of Gov. Shivers of Texas, James P. Swift, vice-president and general counsel of Southwestern Life of Dallas, offers some background in connection with the suggestion he made that at some future date the legislature might give consideration to re-organizing the insurance department along the lines of the banking department, which has a single commissioner. The statement originally was made in answer to a question from a member of the Texas senate investigating committee.

Newspapers quoted the governor as charging Mr. Swift with "inconsistencies" in that he and others "exerted great influence to have the three-man board system adopted" by the last legislature, and now abolishment is recommended "without even a four months' trial." Mr. Swift notes that the three-man system was adopted 28 years ago and has been used continuously since.

Mr. Swift states that he assumes the governor made reference to senate bill 368, passed in 1955. "I had nothing to do with the drafting, sponsorship or progress of this bill," Mr. Swift states, "but . . . in fact it effected no change in the existing three-man board system other than to provide for the election of the chairman of the board members."

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The law creating the three-man system for more than 28 years has included the provision that it "shall operate and function as a whole, and a majority of the members of the board shall be necessary to contract any official business," Mr. Swift points out. He adds, "If it is true, as stated by you, that 'the commission has in effect been a one-man commission' it can only be because the board has seen fit to disregard a legislative enactment of this state which has been on the statute books for over 28 years."

"I regret that the issue has been raised and that it has become necessary for me to refute your charge of inconsistency by a statement of the record. May I add my belief that the 54 legislators performed a valuable public service in enacting substantial and important amendments of the Texas laws applicable to legal reserve life insurance companies. Our laws, in the main, now compare favorably with those of other states and if properly enforced there will be no recurrence of the existing situation."

Terms '55 Performance of Life Stocks 'Disappointing'

The 1955 market performance of life company stocks—during a year when insurers were putting more good business on their books and adding more millions to surplus than in any previous year—was "frankly disappointing," according to the annual market review published by Walter C. Gorey Co., investment security firm located in the Russ building, San Francisco.

The average of 33 representative life insurance stocks rose 36% last year, contrasted with an 85% average the previous year, according to Mr. Gorey. These gains compare with the general stock market as measured by the Dow-Jones averages of 30 industrial stocks of 44% gain in 1954 and 20% in 1955.

Mr. Gorey attributes the "slow down" in life insurance stock gains to two factors: Uncertainty of the federal income tax status of companies, and the fact that the 25 largest stock life companies in the U. S. are rather closely held, with fewer than 100,000 shareholders for all of them. He points out this creates a "thin market." Present estate laws bring a fairly steady stream of selling of these stocks into the market and the successful absorption or redistribution of stocks coming from old holders determines market action. In many cases, the stock has become too important a percentage of an estate or trust and therefore is a target for scaled down reduction by holders.

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Consequently, according to Mr. Gorey, the balance in 1955 of buyers of life stocks over the sellers was not very great. Hence, in spite of the best operating year the business has had, prices of many issues made little headway.

The review concludes that the long-term outlook in life company stock is excellent. There also is an analysis of the possibilities of the stocks of fire and casualty companies.

N. Y. Life Appoints Hussey a Field V-P

New York Life has appointed Robert S. Hussey field vice-president of the middle Atlantic division.

Mr. Hussey, who has been superintendent of agencies of the division, will continue to direct 19 offices in five states and District of Columbia from headquarters in Philadelphia. He joined the company at Portland, Me., in 1938. He became manager of the New Hampshire branch in 1946 and the Long Island branch in 1948. He formerly was superintendent of agencies of the central Pacific division in San Francisco.

Mass. Mutual Ordinary Sets Record in January

Massachusetts Mutual Life ordinary sales in January hit a peak of $70,025,236, up 8.7%, to break the monthly record set in January, 1955. It was the 41st month that production of the corresponding month of the previous year was exceeded.

The Yates and Woods agency in Los Angeles led with $5 million and 23 agencies sold more than $1 million.

Hatmaker to Assist Franklin Life President

George Hatmaker, vice-president and secretary of Franklin Life, has been appointed executive assistant to President Charles E. Becker. Mr. Hatmaker has been with Franklin since 1928, with the exception of four years spent in the army as captain in the finance department. Upon his release from service in 1946 he became supervisor of the new business department. In 1948 he was named assistant secretary. In 1949 he was elected secretary, and in 1953 company directors elevated him to vice-presidency.

George Hatmaker

Eighteen men from 17 agencies of Equitable of Iowa attended the semi-annual home office career school at Des Moines. The school was supervised by Wilson L. Forker, field training supervisor.

College Gives Answers to 1955 CLU Exams

American College has published a set of composite answers to the 1955 CLU examinations as an aid to candidates studying for the designation.

The published set does not attempt to show perfect answers or indicate they were the best which appeared, but rather to give representative high quality answers. Since exam questions involve an application of knowledge and judgment, frequently there is no set answer. Credit is given for resonableness of answers and intelligent application of knowledge.

Candidates for future examinations should not use the 1955 questions and answers as a direct method of preparation because the questions are designed each year to test whether the applicant's knowledge is thorough and comprehensive.

A copy of the 1955 questions and answers to each of the five parts may be purchased for $1 a set from the college's educational publications department.

Bankers National Sales Set Record in January

Bankers National Life had its greatest month of production in January, with ordinary sales up 26%. The average size policy was a record $11,327, including juvenile plans.

Agents at the President's Club convention in Miami Beach had pledged a record-breaking January. The general agents promoted the campaign.

Fred G. Jarvis Jr. Named Consultant for LIAMA

LIAMA has appointed Fred G. Jarvis Jr. consultant in the company relations division. He also will serve on the faculty of agency management schools and contribute to management publications and periodicals.

Mr. Jarvis, senior training consultant of Prudential since 1952, entered the business with that company at Hartford in 1932. He is a CLU.

Midland Mutual Names Wright GA in Ohio, Ky.

George L. Wright has been appointed general agent for Midland Mutual Life in the southwestern Ohio and northern Kentucky area. His offices will be in Carew Tower, Cincinnati.

Mr. Wright has been in the life business since 1948. First a representative for Phoenix Mutual Life, he later became manager of Acacia Mutual Life's Cincinnati branch.

Company's Office Move Denied in D. C.

District of Columbia commissioners have denied a request by Government Employees and Government Employees Life to move offices and records into Maryland while retaining D. C. company identity.

Commissioners said past experience of a similar occurence proved costly to the district insurance department in conducting investigations.

Aetna Leaders Parley

Seventy leading agents of Aetna Life attended a 3-day seminar on modern trends in life insurance programs and estate planning at Hartford. Directed by Vice-president Robert B. Coolidge, the seminar was held for ranking members of Leaders Club, national honorary group.

Leaders in premium volume in 1955 were installed as club officers. They were Henry A. Kirsch, Shreveport, La. president; Kenneth H. Mitchel, Los Angeles, vice-president; Lincoln B. Poletto, San Francisco, secretary; and David P. Faxon, Camden, N. J., treasurer.

Henry S. Beers, president designee, welcomed the group. General agents Samuel G. Carson, Toledo, W. Thomas Craig, Los Angeles, Herbert W. Florer, Boston, and George C. Fraser, Saginaw, Mich., took part in a panel on advanced sales opportunities. William J. Casey, New York City attorney, spoke. Mr. Kirsch, Mr. Mitchel, Mr. Faxon and William H. Mauk, Toledo, discussed business life insurance program and estate planning. Donald S. Campbell, assistant superintendent of agencies, was moderator.

Ask FTC to Use NAIC Ad Rules

(CONTINUED FROM PAGE 1)

"with remarkable interest" the trade practices conference on the entire A&S business and will follow with the same interest the rules after they come out.

The rules under discussion at the present conference, Mr. Layne observed, deal only with A&S. It would seem obvious, he declared, that if rules are adopted as a result of the conference, something will have to be done to rescind or amend the mail order rules, at least insofar as they pertain to A&S insurers. He added that the mail order rules on other types of insurance should not be rescinded at least as to the particular type of sale involved (mail order).

Ralph E. Becker, Washington attorney representing Commercial Travelers of Salt Lake City, offered a suggestion on behalf of that company that a central bureau be set up to keep a file of all A&S advertising and pass on its appropriateness. The bureau, Mr. Becker said, should be paid for by the companies. Advertising would be funneled through it before publication, and if changes are considered necessary, the bureau would make suggestions and the companies would comply.

There was no comment or discussion on this proposal.

Jasper Rowland, who is head of Assn. of Better Business Bureaus, said the bureaus believe the code as produced by the NAIC is a forward step. He made some comments about the number of questions and complaints on insurance handled by FTC, saying most of them are caused by the bewilderment of the public. Mr. Rowland emphasized the need for an interpretative guide to accompany the rules.

COMPLAINTS ANALYZED

The reference to complaints drew a rejoinder from Commissioners Martin and Pansing. Mr. Martin put into the record an excerpt from NAIC proceedings summarizing the survey of A&S complaints as made by NAIC in which, he said, the results were strikingly similar to those obtained by the better business bureaus.

Mr. Pansing said the bureau has put undue emphasis on the number of complaints received without weighing them as to their validity. The NAIC survey, Mr. Martin pointed out, showed that about 25% of the complaints have to do with misunderstanding over the pre-existing conditions clause, about 40% deal with agents' and adjusters' representations, about 20% with failure to answer correspondence or delay in handling claims, and 15% deal with renewals or cancellations, or as an accident as the source of loss.

Aside from having FTC adopt the NAIC rules, the industry people were particularly desirous of having FTC preface its rules with a preamble similar to that adopted in New York and New Jersey, which stresses that the rules are not designed to restrict the advertising of A&S insurance but rather to serve as a standard. Commissioner Gillooly of West Virginia read into the record the enforcement procedures of the NAIC rules which require each insurer to maintain a complete file of its advertising and to file an annual statement of compliance. This method of enforcement is preferred by the industry, it was indicated, by the affirmative position taken on this idea as against the lack of comment on the suggestion of the Commercial Travelers of Salt Lake City.

MOTIVES CLEAR

The actual motives of the industry representatives, although evident from the beginning, were made crystal clear by Eugene M. Thore, general counsel Life Insurance Assn. of America, in the concluding minutes of the conference, when he asked Commissioner Mason if FTC could not adopt the NAIC rules without change, or at least if they are amended to have that done without causing conflict between federal and state regulation. The NAIC rules, Mr. Thore said, are manifestly in the public interest and if they err in any respect it is on the side of stringency. They meet every criticism FTC has raised this far in its complaints against the A&S insurers.

He asked the FTC not to insist on any change that is merely "formal or semantical."

John P. Hanna, managing director of H&A Underwriters conference, concurred with Mr. Thore. The desire, Mr. Hanna said, is to avoid different rules and different interpretations. If the FTC adopts the NAIC rules, he added, it is to be hoped there will be a reference by FTC to the interpretative guide now being prepared by the NAIC-industry committee. The guide is something FTC might consider when making its own interpretations of the rules, he suggested.

Wholehearted approval of the NAIC rules also was offered by E. J. Faulkner, president of Woodmen Accident & Life, who has occupied a prominent position in organizing the new Health Assn. of America, and by Joseph F. Follmann Jr., managing director of Bureau of A&H Underwriters, and Claris Adams, executive vice-president of American Life Convention. Mr. Faulkner said the NAIC rules are an excellent example of the spirit of private enterprise in working out a problem. Remarking that the New York preamble to the rules offers a good outline of the philosophy involved, he read that into the record.

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The statements of accord given by Messrs. Thore, Hanna, Faulkner, Follman and Adams, and their appeal that FTC adopt either the same rules as NAIC, or at least rules without conflict and susceptible of uniform application and interpretation, constituted the big drive of the industry forces to achieve a workable arrangement. The five speakers represented trade associations whose members write by far the greatest amount of individual and group A&S insurance.

The attendance of more than 200 industry representatives at the opening session obviously pleased Mr. Mason. During a press conference at the end of the first day's session, he had admitted there was concern within FTC that because the conference was called by the commission to bring in an obviously unwilling industry, the turnout might have been of token variety. It was surmised that only five or six people would show up.

From the very start of the conference, Mr. Mason made it definite that

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there was only one matter to be taken up, formulation of an advertising code.

There are ground rules for trade practices conferences, Mr. Mason explained. The conference was not a town hall meeting, although anyone could be heard so long as his topic was germane to the issue—advertising rules. The industry was invited to talk to the record because the FTC was seeking expert and considered advice. The jurisdiction issue, he declared, had no part in the proceedings. The conference did not constitute a court and there was no attempt to "try 40 insurance cases." By the presence and participation of industry representatives in the Washington meeting, nothing was given or taken away from FTC jurisdiction.

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Also, the conference was not an arbitration proceeding nor a legislative activity. The sole issue was to determine a set of rules, which in themselves would not be law but would constitute what the FTC believes the law to be. There is no way to split the difference on that, Mr. Mason said. The rules which FTC promulgates might produce honest differences of opinion, which FTC would be willing to litigate in court.

The first day was entirely taken up with the reading of the advertising rules adopted by NAIC at its December meeting. This is the code prepared by a 70-man NAIC-industry committee after 30 days of meetings. It had been agreed upon beforehand that these would be the rules to be used at least as a jumping off point for the formulation of an FTC code. Because the industry and NAIC for the most part had agreed on their rules beforehand, there were only occasional objections to the rules as they were read, although in two or three instances the objections were vehement.

The NAIC rules were read and explained by six industry and department representatives—John Hanna of H&A Underwriters conference; Donald S. MacNaughton, associate counsel of Prudential; Jarvis Farley, secretary, treasurer and actuary of Massachusetts Indemnity; Joseph F. Follmann Jr.; general manager of Bureau of A&H Underwriters; Commissioner T. J. Gillooly of West Virginia; Artemas Leslie, associate director of the Blue Cross Commission, and First Deputy Julius Wikler of the New York department.

Each of these men took up certain parts of the 17 sections of the NAIC rules, read them and explained the background and meaning of them. No discussion was permitted by Mr. Mason except as it related to the particular rule at hand.

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Director Pansing of Nebraska, as chairman of the NAIC subcommittee on A&S opened the industry participation in the conference at Mr. Moser's request. Mr. Pansing pointed out that the appearance of the commissioners in Washington meant neither acceptance of or accession to FTC jurisdiction. In a prepared statement. Mr. Pansing said the conference dealt with an important industry which, while having its renegades, in the vast majority has done an excellent job. The rules adopted by NAIC, he added, are far more stringent than any ever written for A&S. They have been (or are in the process of being) adopted in 30 states.

An interpretative guide is now being prepared to accompany the rules, Mr. Pansing said, it having been determined that certain questions raised by the rules themselves need answering.

The NAIC approach has been from the point of the future conduct of the A&S business, and not from what has happened in the past, he emphasized.

As an example of Mr. Mason's strictness in keeping to the point, C. F. J. Harrington, executive vice-president of National Assn. of Casualty & Surety Agents, made two attempts to read a prepared statement following Mr. Pansing's remarks, but both times was told by Mr. Mason that if the statement had nothing to do with the rules it would have to be put off until the next day.

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It was evident as the rules were read that there are several on which there is not unanimity of opinion on the part of the industry. The main items at issue being in rules 3, 4 and 11.

Mr. MacNaughton had the task of explaining rule 3, which he said constitutes the "guts" of the code. It has to do with advertisements of benefits payable, losses covered or premiums payable and is in two sections, covering deceptive words, phrases or illustrations, and exceptions, reductions and limitations. The purpose of rule 3, Mr. MacNaughton remarked, is to prevent exaggeration of benefit description. It is made up of the best features of the FTC mail order rules, the H&A Conference rules, and the rules promulgated in Georgia, Illinois and California. The differences between these rules have been eliminated, and as the NAIC production stands, 3 is "a very tough rule, but at the same time a workable rule," he averred.

In his explanation, Mr. MacNaughton said those writing the rule realized they could not be so restrictive as to prevent the advertising of benefits. At this point Paul Clement, secretary of Minnesota Commercial Men's Assn. asked Mr. MacNaughton or a member of his committee if he would draw up an ad that would sell or tend to sell A&S insurance. This brought forth on

Give Timetable for Next Moves on FTC A&S Code

WASHINGTON—A timetable of what is to come in the development and promulgation of an advertising code for accident and sickness insurance as designed by the federal trade commission was given by Commissioner Lowell Mason of FTC at the trade practices conference here last week.

First of all, Mr. Mason declared, the A&S code is to get rush, preferred treatment within FTC. A draft proposal will be in the hands of the full commission on March 15, and if, as is expected, it is promptly approved, copies will be sent to the industry on March 19. It is customary for the commission to give tacit aproval to proposed advertising codes upon their submission, Mr. Mason said.

A final public hearing on the code will be held at Washington April 18. Mr. Mason indicated since between March 19 and April 18 the A&S industry will have had opportunity to make criticisms and suggest changes. Presumably, the code up for action April 18 will meet with the approval of all interested parties.

Mr. Mason did not say how much time it will take after April 18 for the code to become effective.

of the few bursts of applause during the conference. Mr. MacNaughton begged off.

Jarvis Farley gave a detailed interpretation of rule 4, covering necessity for disclosing policy provisions relating to renewability, cancellability and termination. This goes into the difference between non-cancellable and cancellable policies, etc., and produced a question from Chase M. Smith, general counsel of Lumbermens Mutual Casualty as to what a company would have to do if it referred in an ad to "our non-can to age 65 policy." Is this an institutional advertisement or an advertisement designed to sell insurance? he asked. Mr. Wikler said it is an insurance ad. Suppose, Mr. Smith asked, there is shown a picture of a happy family group on the beach under the caption "they bought our non-can to age 65 policy." What more needs to be said in the advertisement to "disclose provisions relating to renewability and termination and any modification of benefits?"

This question also was not answered completely, although it appeared some explanation would be required in the ad. When the question of rule 4 was brought up during the open session the second day, James L. Moorefield, attorney for Paul Revere Life and Massachusetts Protective, wondered if FTC should not define non-cancellable. He said there are five characteristics to non-can—that it cannot be cancelled by the company during the premium term, that it is renewable at the sole option of the policyholder, that it carries a guaranteed premium (either level or step rate), that it may not be ridered after issuance to eliminate any risk, and that benefits cannot be changed after issuance. In other words, the business cannot be re-underwritten and there is no exit for the insurer. If the FTC were to adopt such a definition, it would be permissible to advertise a policy as non-can provided it met those requirements, he said.

There was opposition to the use of definitions in the code both on the part of Mr. Mason and most of those from industry. Mr. Mason said to freeze the rules with a definition of any word would be unfortunate. It would be hard also to find a definition that

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Key Issue of FTC Jurisdiction Raised at Washington Trade Practices Conference

Of prime interest to the insurance people attending the FTC trade practices conference in Washington last week was the question raised as the meeting drew to a close concerning connections which might be implicit between the conference and FTC jurisdiction over the A&S field.

Commissioner Wade Martin of Louisiana asked if the presence of the commissioners at the conference or the signing of trade practice rules by the companies admit jurisdiction of the FTC in any given case.

Commissioner Lowell Mason of FTC said participation in the conference does not "possibly" convey jurisdiction to the FTC.

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What about the companies that sign the rules? Mr. Martin asked.

No signing agreement is an admission of jurisdiction, Mr. Mason responded.

Henry Moser, general counsel of Allstate, went further on this point saying he is worried that the signing of rules by the companies could be interpreted in the courts to be admission of lack of state regulation. It would open the doors for federal intervention in all phases of insurance. Could a company signing the trade practices agreement reserve in writing its disavowal of jurisdiction? Mr. Moser asked.

Mr. Mason requested that Mr. Moser outline what sort of statement he had in mind, and Mr. Moser suggested something like: "Nothing contained in the agreement to abide by the above rules will be construed as an admission of FTC jurisdiction."

Mr. Mason's reply to this was that a company can sign in any manner it wants.

For a good many of those on hand, this answer seemed to leave things almost as much up in the air as they were before. Even though Mr. Mason said that trade practices rules are not statutes and whether a company signs or not has significance only in indicating a spirit of cooperation, it still appeared questionable whether signature on the dotted line would not imply agreement to jurisdiction.

Mr. Mason said he was not at the conference to preach despair, that the business must live on hope. At his press conference the day before he had commented that the history of FTC trade practices conferences has been that companies under citation at the time of the conference generally find themselves off the hook, so to speak, if they sign the trade practices agreements. He would not say whether this would be followed in the case of the A&S insurers, but the impression he gave was that probably it would be.

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Mr. Mason also said at the press conference that FTC has publicly announced there are 200 or more companies the FTC could have cited with just as good reason as the 40 that have been cited. The material is in the files, he said, and "as a matter of fact most of the companies we sued weren't doing any more than the companies we didn't sue."

He told the press that the trade practices conference was not called by FTC because it is hungering for jurisdiction.

Asked by the press, whether he felt the imposition of federal advertising rules on top of the NAIC rules in 30 or more states would cause conflict or confusion, Mr. Mason replied the more states that "clean up thier stables" the better, adding he could see almost no possibility of conflict. There may be a lot of material in the NAIC rules that is not in the FTC bailiwick, he observed.

However, he remarked, FTC would never have called the trade practices conference without believing it has national jurisdiction; in fact, such jurisdiction was implied when the first companies were cited by the FTC late in 1954.

would stand up in court. There has been a difference within industry on the definition of non-can, Mr. Farley said, and it was thought best not to tie down the rules by trying to include one.

Mr. MacNaughton commented that the restriction of use of such words as non-can might discourage experimentation in new coverages.

The major rule at issue, however, was number 11. This has to do with jurisdiction on licensing, and part B says that advertisements by direct mail insurers "shall indicate that the insurer is licensed in a specified state or states only, or is not licensed in a specified state or states, by use of some language such as 'this company is licensed only state A' or 'this company is not licensed in state B.'"

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Harry L. Shniderman, Washington attorney representing Assn. of Insurance Advertisers, offered strong opposition to this language, and in a well prepared statement said it is discriminatory in application and will mislead the public. Such wording will adversely affect mail order companies, he asserted, by causing prospects out of the insurer's home state to think the ad is either misdirected or that the company for some reason or other is inferior and cannot qualify for a license. The non-direct mail insurance companies are exempted from this rule, and Mr. Shniderman said he doesn't think FTC has the power to write into its rules wording that is thus discriminatory and coercive. The only power the FTC has is to require an affirmative disclosure of information, he said, proceeding to quote Commissioner Mason at length from an opinion in an early FTC case on the matter of including long negative statements which would tend to make advertising dull and turn them almost into an impossibility. Mr. Mason said in that opinion that if an ad says a company is selling a basket of apples there is no need to say that the basket does not contain peaches, and in fact to mention peaches could lead to a conlcusion of peaches.

The coercive force of rule 11B is to require direct mail companies to obtain a license in other states or quit the A&S business, Mr. Shniderman declared.

Mr. Shniderman was backed up later by George W. Jacobson of Group Health Mutual of St. Paul, who represented a number of consumer cooperatives. He declared no reflection should be cast on the selling of insurance by mail.

Recruiting Is Topic of Los Angeles Panel

In a panel talk on recruiting before Los Angeles Life Managers Assn., M. E. Thompson, Pacific Mutual Life general agent, said newspaper ads are expensive but a good source for recruiting. He pointed out that 18 of 24 men he hired came through newspaper ads.

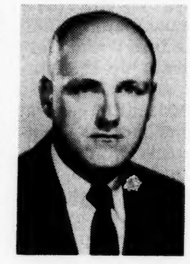
Joining Mr. Thompson in moderating the panel, one of three shop talks to be given before Los Angeles Life Managers, were Carl Wood, Mutual Life of New York manager at Los Angeles, and Richard Thorne, American National general agent.

Mr. Wood agreed with Mr. Thompson with respect to newspaper ads but said the best source is the "general agent's brain." He said a general agent must "recruit or resign."

Mr. Thorne said one of his chief sources of recruiting was among racial and religious groups, pointing out that business written by an Oriental agent is among the best on his books.

Phoenix Mutual Names Parks, Smith in Denver

Phoenix Mutual Life has appointed Dallas E. Parks manager at Denver to succeed Gerard J. Smith, who has been named brokerage representative at Denver.



Dallas E. Parks

Mr. Parks, acting manager at Dallas for the past year, joined the company at Newark in 1951 and was named supervisor in 1953. He also has been at Springfield, Mass.

Mr. Smith, with the company since 1936, was manager at Kansas City for eight years before opening the Denver office in 1950. His appointment is another step in the company's growing activity in the brokerage and surplus line field.

Marriages Rise 44,000 in '55, Down from '53

Marriages in the U.S. in 1955 totaled 1,532,000, up 44,000 from 1954 but down 13,000 from 1953, according to Metropolitan Life estimates.

Metropolitan does not forsee any appreciable change in the marriage rate in 1956, which is "leap year," or any marked rise for several years to come. But after the early 1960s, there should be quite an upsurge as the large number of babies born during the war and postwar years enter the marriageable ages.

Largest increases in marriages in 1955 occurred in the Pacific and mountain regions, where they amounted to 5.4% and 4.9%, respectively.

Of the five largest cities, New York alone experienced a decrease, the number dropping from 69,900 in 1954 to 68,500 in 1955. Little change was recorded in Chicago and Philadelphia. Increases of 6% occurred in Los Angeles and Detroit.

To Debate Variable Annuity at Miami Law Conference

A symposium on variable annuities will be a feature of the annual Miami insurance law conference to be held at the University of Miami law school, Coral Gables, Fla., beginning the week of March 19.

Speaking in favor of the life insurance industry embracing the variable annuity will be George E. Johnson, president of Variable Annuity Life of Washington, D. C., and Jack T. Kvernland of Prudential. Speaking in opposition will be Arthur H. Haussermann, a partner in Vance, Sanders & Co., New York City investment banking firm, and Rowland H. Long, general counsel of Massachusetts Mutual Life.

Preston Goes with Metal Trades Group

National Metal Trades Assn. has established a new insurance counseling service to be directed by Robert W. Preston. His offices will be 60 East 42nd street, New York City.

He was former manager of the life department of Schiff, Terhune & Co. of New York. Prior to that he was branch secretary of Canada Life in New York.

Ebling Leads Purser Agency

Robert W. Ebling Jr. of the Purser agency of Penn Mutual Life in New York City set an individual production record in the agency in 1955 by selling $2 million on 180 lives.

Agency sales in 1955 totaled $17 million, up $3,560,000. Six agents ar Penn Mutual Million Club member

Hansen Says Canada Opposes National A&S

(CONTINUED FROM PAGE 7)

public and Congress. The Eisenhower administration unequivocally opposes it.

He cited as additional proof of Canadian opposition the 1952 British Columbia election where a virtually unknown party won over the incumbent social credit party that had instituted a provincial hospital insurance plan. The new party ran on a platform of no further state welfarism. A year before, the popular liberal party in Ontario, with the backing of the powerful *Toronto Star*, Canada's largest newspaper, met with defeat in an attempt to put over government health insurance.

Mr. Hansen concluded that there is little need for national health insurance.

"It is frequently said that the problem is not with those who cannot pay, for they get hospital and medical care without too much difficulty. Nor is it with the rich and high income earners. The real tragedy is said to be that people of modest means may be financially ruined by high medical costs."

He said that many lower income families are hit with high medical costs. But, he asked, if they have resources that their depletion by medical costs can be described as financial catastrophe, they must have had resources to purchase available private insurance.

He said U.S. and Canada alone in the world have a satisfactory alternative to national health insurance developed by the people themselves in voluntary insurance protection.

LIAMA, GAMC Plan Pilot Group Seminars on District Management

Plans for establishing pilot group seminars in district management, using LIAMA's new study course in district management, have been formulated by 14 leading district managers who met for two days in Hartford with LIAMA staff representatives and officials of General Agents & Managers Conference of National Assn. of Life Underwriters.

Lawrence W. Jackson, executive director of GAMC, said GAMC plans to sponsor these study groups for district managers of combination companies along the same lines as it now sponsors study groups in ordinary agency management, using LIAMA's study course.

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Martin M. Guon, manager of Metropolitan Life at Oak Park, Ill., and chairman of the GAMC committee on the study course for district managers, was chairman of the pilot meeting. Leonard T. Smith, manager of Prudential at Cranston, R I., and chairman of the GAMC over-all committee on district agency management, took part. Donald Bramley and Stanford Y. Smith, co-authors of the new study course, and W. Frank Hancock, LIAMA consultants, moderated workshop sessions.

Working with the group in advisory capacities were William R. Davis III, director of field services of Commonwealth Life of Louisville; Marlin W. Morgan, superintendent of agencies of Baltimore Life; Willard G. Roedersheimer, management training supervisor of Western & Southern Life; B. P. Shields, manpower development manager of National Life & Accident; and T. D. Wakefield, agency training assistant of Life of Georgia.

The group was welcomed by Charles J. Zimmerman, managing director of LIAMA, who commented on the strength of the debit system. Lewis W. S. Chapman, LIAMA director of company relations, explained the organization and activities of LIAMA. Joseph Weitz, associate director of research, spoke on the discussion method of learning and showed some techniques for leading a discussion.

Names Three to Board

Northwestern National has elected as directors John D. Ames, partner in Bacon, Whipple & Co., Chicago; B. Franklin Houston, vice-president of Dallas Union Securities Co., Dallas, and J. Fred Schoellkopf Jr., a director of First National Bank, Southland Corp. and Union Terminal Co., all of Dallas.

Two board members who have served since 1905 have been designated honorary directors. They are C. T. Jaffray, director of First Bank Stock Corp., and E. W. Decker of Decker, Barrows & Co., both of Minneapolis.

Prudential has appointed **Fred J. Schubert** manager of the Sam-Houston district of Prudential at Houston. He joined the company in 1950 as an agent at Austin, later advancing to staff manager at Waco.

Schwarz GA at Tacoma

V. A. Schwarz

Manhattan Life has appointed Virgil A. Schwarz general agent in Tacoma, Wash., with offices at 747 Saint Helens avenue.

Mr. Schwarz, who has been district manager in Tacoma of the Seattle agency, was with John Hancock for eight years as a branch manager before joining Manhattan Life. He is vice-president elect of Tacoma-Pierce County Assn. of Life Underwriters.

The state of **Connecticut** has increased insurance benefits for employes to provide $2,500 to $8,000 coverage depending on salary bracket, $2,000 or half their policies in coverage after retirement, a 10-cent reduction to 50 cents a month in premiums per $1,000, and half pay retirement benefit for women at age 50 and for men at age 55 after 25 years of service.

Metropolitan Realigns Eastern Territories

Metropolitan Life has realigned its agency territories in metropolitan New York City, New Jersey, Pennsylvania, Maryland and Delaware to make four instead of three territories.

Brooklyn, Long Island and Staten Island, which have been part of the metropolitan territory, will become a separate unit known as the Island territory, with 51 district offices. Emile P. Arnautou, superintendent of agencies of the Atlantic coast territory, will hold the same post in the new territory.

District offices in northern New Jersey, formerly a part of the Atlantic coast territory, have been added to those in Manhattan, the Bronx and Westchester county to make up the metropolitan territory. G. Hoyle Wright will be superintendent of agencies in this territory.

Pennsylvania, excluding greater Philadelphia, presently called Penn State territory, will be known as the Keystone territory. Samuel D. Risley will continue as superintendent of agencies.

The realigned Atlantic coast territory will consist of Maryland, Delaware, 21 districts in southern New Jersey and 19 districts in greater Philadelphia. A. Kenneth Hemer, district manager at Johnstown, Pa., has been appointed superintendent of agencies of the territory.

The four units, approximately equal in number of offices and agents, will provide greater efficiency in serving a growing number of policyholders in areas of increasing population.

Hospital Survey Shows Rate Increase in 1955

General increases in room costs are shown in the 1955 survey of hospital rates compiled by American Hospital Assn.

The 1955 average cost of a single room was $14.14, a gain of 4.4% over 1954. For two-bed rooms, the average is $11.51, up 6.5%, and multi-bed rooms increased to $9.94, a 5.5% gain.

The highest averages for all types of rooms were in the Pacific states. The lowest averages were the west south central region. New York had the highest individual rate for a single room, $35, and the lowest was Louisiana, $5.

IBM Starts West Coast Expansion

International Business Machines has started a multi-million dollar expansion of west coast operations. Six new large processing centers, manufacturing plants and office buildings are planned or completed.

Los Angeles will be the site of a 13-story office building and data processing center for 600 employes. Construction will begin this summer. A six story office building for 300 employes is nearing completion in San Francisco. A new manufacturing and engineering building for 1,500 employes will be started at San Jose in the fall. More than 150 employes have recently moved into a new office building in Santa Monica. Data processing centers are planned for Portland, Ore., and Seattle.

Among the industries and businesses on the west coast IBM is supplying or will supply electronic statistical machines, are several insurance companies, Pacific National Fire, Farmers group, Prudential, Occidental Life and State Farm Mutual.

Mich. Recodification Bill Expected to Pass House

LANSING—The insurance committee of the Michigan house is expected to report favorably this week the jumbo recodification of insurance laws which has been the subject of hearings throughout the past week. The bill, first to be introduced in the house this session, has developed no opposition inasmuch as it constitutes only a simplification and more efficient grouping of the present laws.

Advisory committee members said legislators generally have cooperated at the session in withholding amendments to the insurance laws which would complicate the recodification task. Only one or two bills have appeared which would alter portions of the existing code. It is anticipated that if the recodification is approved, placing the present laws in their proper sequence, the 1957 session will be marked by some wholesale amendatory proposals in order to bring the statutes into tune with modern practices in the industry.

N. Y. Department Issues Index Volume

New York insurance department has published the seventh and index volume to its Examination of Insurance Companies. The first six volumes contained lectures delivered at the department's in-training program for examiners.

The 1,000 page volume provides a cross reference index to the material contained in the six other volumes. It offers consolidation of every subject covered. A statutory reference section and a table of cases affecting various departmental rulings are included.

The index may be obtained from the insurance department at 61 Broadway, New York, for $15.

North Regional Director of Pru District Agencies

Prudential has appointed John E. North director of district agencies in the eastern Pennsylvania region, with headquarters at Reading. Director of A&S sales since 1951, he has been in the business since 1936.

Life Sales Rise to New Peaks in English-Speaking Countries

Life sales in English-speaking countries rose to peak levels in 1955, according to Institute of Life Insurance. Preliminary reports indicated increases of 20% in Australia, 12% in the United Kingdom, 5% in Canada and 4% in the U.S.

During 1954, life insurance ownership increased 10% in the U.S., 33% in Japan and Brazil, 32% in Greece, 31% in France, 28% in Mexico and Puerto Rico, and 10% in Australia, Germany, Italy, New Zealand, Peru, Philippines, Sweden, Turkey and Uruguay.

Greece leads all countries in ratio of insurance to national income with 150%. Canada has 128% and the U.S. 111%.

Pan-Am Sets up Data Processing Division to Begin Automation

Pan-American Life has consolidated various sections of the controller's department under one data processing division because of its expanding use of machine accounting devices, including a new International Business Machines Corp. type 650 electronic data processing machine. One of the first U. S. insurance companies to establish such a division, Pan-American intends to enter automation through it.

Lloyd E. Gross, formerly manager of operations analysis, has been named director of data processing. Waid J. Davidson Jr., actuarial supervisor, has been appointed assistant director of data processing. Marius M. Martin, supervisor of the machine accounting department, has been named manager of machine operations.

Mr. Gross, who joined the company as supervisor of machine accounting in 1949, is past president of Machine Accountants Assn.

Mr. Davidson was in the actuarial department of Equitable Life of Iowa before joining Pan-American. He is an associate of Society of Actuaries.

Mr. Martin joined the accounting section in 1949 and has been supervisor of machine accounting since 1954.

Hanson Succeeds Koch as National, Iowa, President

William Koch has been named chairman of National Life of Iowa and is succeeded as president by Arley F. Hanson.

Mr. Koch, who is 81, has been in life insurance for 50 years. He started as president of what now is American Mutual Life of Des Moines and later was vice-president of the former Royal Union Life. He headed National Life for 27 years.

Mr. Hanson has been with the company 31 years. He was made assistant secretary in 1926 and vice-president and a director in 1952.

Form New Life Company In Fla.

Great Atlantic Life Insurance Co. of Miami has been incorporated in Florida and licensed to write life insurance and annuities.

The company's home office is located in the offices of its parent company, State Fire & Casualty of Miami. President is Ralph R. Kaplan, founder, president and director of State Fire & Casualty. He and State Fire & Casualty organized the new stock company. Stanley R. Gumpert, vice-president and director of State Fire & Casualty, is vice-president, treasurer and director. E. Albert Pallot, Miami lawyer, is secretary and director.

The company plans also to write individual and group A&S, surgery and hospitalization.

C. H. Matthews Goes with Indianapolis Life as V-P

Claude H. Matthews, manager of the securities department of Northwestern National, has been appointed financial vice-president of Indianapolis Life.

C. H. Matthews

Mr. Matthews joined Northwestern National in 1932 after earlier experience with Lincoln National. At Northwestern National, he was successively head of the investment research unit, assistant treasurer, director of securities and manager of the securities department.

For a number of years, Mr. Matthews served in Minneapolis on the investment advisory committee of the Teacher's Retirement Fund and on the budget and distribution committee of the Community Chest.

Dallas Insurance Club to Open New Quarters

DALLAS—Dallas Insurance Club opened its new quarters in the Statler-Hilton hotel, Feb. 17 with a reception and dinner-dance. C. M. Patrick, local agent, is president.

The club's original quarters in the Adolphus hotel were destroyed by fire about a year ago, and since then the club has been occupying temporary quarters in the Baker hotel.

Management Parley Staged at Denver

A conference for top-level management of life companies was conducted at Denver by W. Lee Baldwin, former president of Security L.&A. who now is a consultant to life companies. A similar conference was held last year.

Commissioner Beery of Colorado and Lt. Gov. McNichols opened the seminar, whose theme was "Building a Company Is Building People."

Among the speakers were E. Martin Larsen, vice-president and trust officer of Central Bank & Trust Co., Denver, and James I. Davidson, vice-president and actuary of Sunset Life of Washington.

Minnesota Handbook Ready for Distribution

A new, up-to-date Underwriters' Hand-Book of Minnesota has just been published by the National Underwriter Co. It provides complete information of the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout the state. Copies of the new Minnesota Hand-Book may be obtained from the National Underwriter Co., 420 East Fourth street, Cincinnati 2. The price is $12 each.

Texas Calls Hearing on Credit Covers for April 3

The Texas department has called a public hearing on credit insurance regulations and rates, to be held at Austin April 3. The department also has asked all district attorneys in the state to report cases of credit insurance violations.

Credit coverage abuses recently have received considerable newspaper publicity.

Texas Department Eyes Status of 3 Life Insurers

The Texas department has ordered three life companies "to show cause" why their licenses should not be revoked.

American Home Mutual Life of Dallas was charged by the department as being insolvent and as having falsified records of assets. In its 1954 annual statement, the company showed assets of $11,218, surplus of $7,029, with inurance in force of $63,150.

A hearing has been set for Feb. 23 at Austin on the order against Merchants National Life of Denton. Among department allegations against the company was that capital has been impaired more than 50%. The company had insurance in force of $116,300 at the end of 1954.

Western World Mutual Life of Fort Worth will face 11 department allegations, including fraud, at a hearing in Austin Feb. 29. The department charged the company has been "operating in an insolvent condition throughout its existence" except for brief periods.

Previously show cause orders were issued against Trans-County Mutual Life of San Antonio and Trans-Western Life of Dallas.

William N. Seery, vice-president of the group department of Travelers, is shown welcoming home office and field members to a group conference at Belleair, Fla. With Mr. Seery, from left to right, are Foster H. Williams, 2nd vice-president; Harry Barsantee, manager of the public information and advertising department; Charles W. Gamerdinger, secretary; and James G. Batterson, field supervisor of the Hartford office.

Figures from Life Companies' Year-End Statements Shown

	Total Assets $	Increase in Assets $	Surplus to Policy holders $	New Bus. 1955 $	Ins. in Force Dec. 31, 1955 $	Increase in Ins. In Force $	Prem. Income 1955 $	Benefits Piad 1955 $	Total Disburs. 1955 $
Bankers Mutual Life	6,393,254	782,660	471,603	6,131,418[1]	41,731,842	3,300,130	1,300,166	354,661	764,353
Benefit Assn. of Ry. Employees	18,700,411	2,110,022	4,516,199	29,199,506	255,696,385	30,073,494	21,806,026	15,085,952	20,898,048
California-Western States ..	172,435,468	12,826,950	21,671,080	194,333,130	1,327,437,697	184,407,907	38,499,984	23,606,333	34,790,708
Continental American Life ..	89,824,266	4,257,190	7,668,159	43,713,102	357,409,368	31,185,341	9,888,641	6,419,850	9,999,443
Cooperative Life	3,991,526	863,593	387,477	7,154,443	59,255,506	5,306,240	1,312,112	302,781	1,345,086
Equitable of Canada	30,479,361	1,876,655	3,124,301	16,280,856	124,362,385	11,295,495	3,542,967	1,641,688	2,711,482
Fidelity Union Life	30,783,414	3,941,273	4,800,000	89,788,022	259,814,502	58,775,466	6,333,011	1,115,955	4,037,003
Government Personnel Mutual	10,642,696	1,419,726	734,598	45,111,251	129,776,112	20,132,750	3,412,726	1,095,466	2,479,568
Great National Life	30,317,631	2,644,659	1,879,905	16,678,791	165,222,399	7,311,929	4,747,975	1,554,992	3,555,992
Home Security Life	30,590,552	2,697,357	4,179,575	56,516,186	202,995,594	20,690,417	6,799,493	1,807,507	5,044,568
Loyal Protective Life	22,313,376	2,489,603	9,237,537	7,493,992	47,452,430	4,258,060	6,714,912	2,420,804	5,260,324
Mutual Benefit Life	1,627,923,484	68,822,512	60,338,673	361,686,578	3,733,481,474	175,618,016	131,118,172	99,403,964	159,919,484
Penn Mutual Life	1,578,577,452	58,898,244	90,130,404[2]	516,537,399	3,855,684,038	267,793,928	104,353,742	81,995,465	143,166,314
Pioneer Mutual Life	21,947,827	940,537	1,888,804	10,099,446	77,906,748	4,367,231	2,367,886	1,345,546	2,321,496
State Reserve Life	8,608,393	679,661	901,693	7,577,269	54,587,229	1,775,449	1,223,509	383,989	855,053
United Benefit Life	243,981,930	22,740,831	32,907,825	245,443,965	1,633,607,842	162,712,066	44,413,089	17,039,194	30,802,630
West Coast Life	70,690,624	5,303,418	6,551,102	51,065,168	511,648,577	56,765,793	11,560,714	6,269,661	9,312,168
Volunteer State Life	61,864,948	4,048,695	6,467,884	92,850,353	434,516,653	82,350,471	9,133,105	4,045,931	8,143,501

The new business figures exclude revivals and increases except as follows: [1]$62,433; [2]$1,764,841.

Disability, Retirement Changes in SS Opposed

(CONTINUED FROM PAGE 1)

reducing the retirement age for women is directly contrary to a rapidly growing trend toward extending, rather than reducing, retirement ages for both men and women in business and industry, and that the most constructive solution to the problem of disability is the expansion and strengthening of existing rehabilitation programs at the state level.

The life insurance experts included Edmund Fitzgerald, president of LIA and of Northwestern Mutual Life; Leigh Cruess, vice-president and chief actuary of Mutual of New York: Edwin C. McDonald, vice-president of Metropolitan Life; Daniel J. Reidy, vice-president and general counsel of Guardian Life; and John H. Miller, vice-president and actuary of the Monarch Life of Massachusetts.

Mr. Fitzgerald said the life insurance business is very conscious of the lack of real knowledge about the long-range economic implications of the expanding social security structure.

"We want to do something about it." he said. "As one step the Life Insurance Assn. of America has made a grant to the National Bureau of Economic Research for a preliminary or exploratory study of research needs for the general field." The report of the bureau should be available in the near future, he added. "We intend to digest the findings and, guided by them, to aid in financing a broad study that would seek to fill in the chief gaps in knowledge about the economic impact of social security."

Mr. Cruess said that lowering the women's retirement age under OASI would lower the ratio of non-producers to producers and be a heavier economic drag; that elderly women are as fit to work as elderly men; that it would enable only a few married couples to begin drawing benefits together and would introduce a new element of discrimination; widows are generally well provided for by life insurance and in other ways; moreover, the improved vitality of both sexes "would suggest an increase in the general OASI retirement age rather than any reduction."

Points made by Mr. McDonald included these: Many firms have increased the female retirement age from 60 to 65 and the women have demanded it; women can work as effectively at age 60-65 as men can; resulting demands in private pension plans, arising out of OASI changes, would be costly and cut the amount of money available for other uses; the Secretary of Labor is concerned about the adequacy of the labor supply in the next decade; a reduction in women's retirement age, far from being welcomed, would be questioned and perhaps resisted.

Mr. Reidy said in substance that the bill's disability proposals would immediately cover many millions of people, with several hundred thousand initial claimants; adverse economic conditions can breed malingering and other hazards to solvency; many thousands of cases covered under the proposed plan would be neither readily approvable nor disapprovable; the government would have no power to selection of risk nor any opportunity to apply underwriting rules, and hence there would be a large volume of questionable cases; there would be floods of complaints to Congress from those who would feel they'd been unfairly treated.

Mr. Miller pointed additional dangers in the disability program and spoke for rehabilitation programs as superior to the dangerous security of the guaranteed disability benefit. He said people should be referred initially to their state rehabilitation office for evaluation of their disability, before any finding of total and permanent disability is made, since promptness is important.

Summarizing the views of the life insurance delegation, Mr. Fitzgerald concluded: "Until more knowledge regarding the future impact of our social security system on the American economy is available, we hope that the Congress will not enact costly expansions of the system."

Most of the senators present seemed quite concerned about the cost of the proposed expansion.

The bill's disability proposal is an issue of deep concern because of the unknown costs and the probable adverse effects of such a system on the nation's social and economic welfare, said John W. Joanis, secretary and general counsel of Hardware Mutual Casualty of Wisconsin, speaking for the H&A Underwriters Conference and the Bureau of A&H Underwriters.

Mr. Joanis also spoke against lowering the women's retirement age.

Nutt, Palmer, Collins to Address N.Y Life Underwriters Congress

The all-day sales congress of New York City Life Underwriters' Assn. will present its educational highlight, "Annual Parade of Stars," March 8 at Town Hall, New York.

Hal L. Nutt, director of the Purdue course, will discuss "The Stuff Interviews are Made Of." Stanley C. Collins, Metropolitan, Buffalo, president of National Assn. of Life Underwriters, will talk on "You Owe it to Yourself." H. Bruce Palmer, president of Mutual Benefit Life, will speak on "Let's Throw the Book Away and Dream."

All three will talk at the morning session. Gerard B. Tracy of Johnson & Higgins, general chairman, said the afternoon program will be announced shortly.

Mich. Gets Group Size Bill

LANSING, MICH.—A measure which would reduce the required size of life groups from 25 to 10 persons has been introduced in Michigan legislature. The bill was referred to the senate insurance committee.

Day Opposes Rigid 'Balance' Requirement

(CONTINUED FROM PAGE 2)

competitors to claim we thought no one should ever rely entirely or chiefly on sources of fixed amount income for retirement purposes.

I think there is an analogy that points up what is wrong with that particular objection to the balance idea. Life underwriters characteristically urge people to buy permanent forms of life insurance. If their prospects feel that they want some term insurance the life underwriter will urge him not to rely entirely on term but to balance it with permanent forms. The fact that the underwriter talks about balance between term and permanent forms doesn't mean by any means that he's telling people they should never rely on permanent forms exclusively.

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The question of just how balance is to be achieved at the time of issue is a big subject in itself. Some are still saying that we ought to follow the rigid Teachers Insurance & Annuity-College Retirement Equities Fund pattern of requiring a combination 50-50 plan. I wonder if some of these people have thought about what effect this might have in a period when some companies were selling variable plans and others weren't yet in the business. We have felt that in that situation there is no reason in the world why a fixed-amount annuity or an income endowment or some other contract issued by another life company shouldn't be just as acceptable for the purpose of balancing a variable plan as a fixed amount contract we might issue ourselves.

Any such rigid balance requirement might well encourage people to drop existing fixed-dollar plans in order to take a combination fixed and variable plan from some other company. There is no reason why the fixed-dollar element in a retirement program must necessarily be under a retirement annuity contract at all.

The fixed-dollar counterpart for the variable plan might just as well be provided through the cash values in a life insurance policy or by an income endowment policy or by an applicant's participation in a fixed-amount employer pension plan. When we get over into the possible use of such pension plans as a means for providing the fixed-dollar counterpart we see very vividly the tremendous practical difficulties involved in trying to enforce a rigid tie-in or to police its continuance.

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In studying alternatives for arrangements whereby balance could be achieved at time of issue, consideration has also been given to endorsing the variable annuity contract to provide that a payment could be made under it only if there was a certification that payments were being maintained under specified fixed amount contracts or policies.

To make this sort of restricting plan complete, it would be necessary to provide that the variable contract would be terminated upon the surrender of the counterpart fixed amount contracts and that the variable contract would be settled at the same time and in the same manner as the counterpart contracts.

There is very little to be said in favor of this arrangement. Needless to say, it would be awkward, if not completely impossible, to police, especially if the counterpart policies were in another company. This would be particularly true of the surrender and settlement aspects. Also, it is hard to see how such a plan would work if the counterpart fixed amount benefits were coming from an employe retirement plan or from savings in the form of government bonds or other types of investment.

The precedents in the juvenile policy field have shown us the practical difficulties in attempting to police this kind of a situation, particularly where the statute, as in New York, spells out a rigid rule.

When one gets through considering the various alternatives and the problems they involve, the best answer to the question of balance seems to be (1) to take it into account only in connection with issue without attempting to police maintenance of balance after issue and (2) to control it through underwriting rather than through some rigid attempt at a combination or restricted contract form. There are many who doubt if it is practicable to spell out balance rules in detail in variable annuity legislation. But probably the legislation should recognize the importance of applying balance principles, with the state insurance department given authority to fill in the details by regulation.

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Possibly some not familiar with the way the life insurance business is conducted might think that taking care of balance through underwriting controls at time of issue is vague and loose. But those of you who are familiar with present operations know the details we already get for underwriting purposes. The matter of determining whether and to what extent an applicant for a variable annuity had made provision for fixed amount retirement income would involve merely another item for investigation or for information to be obtained in the application.

It is typical of insurance underwriting in general that eligibility for coverage is established before issue and is not subject to reconsideration on the basis of changed facts after issue. This is believed to be the only approach which is sufficiently flexible to meet numerous and widely differing circumstances. It keeps us away from indirectly encouraging an applicant to drop existing fixed-amount coverage in order to fit into some rigid combination contract setup.

We feel very strongly that variable annuities should be issued by life insurance companies—as just another product. We plan to segregate the variable annuity assets, purely and simply for the purpose of identifying them for use as a yardstick for setting unit values. But otherwise this would be just another part of our multiple-line business, like group, ordinary, weekly premium, fixed amount annuities and sickness and accident.

We feel that there has sometimes been a tendency to minimize the difficulties that would be involved in using a separate, wholly-owned, wholly-controlled subsidiary company rather than following the direct and logical route of issuance of variable annuities by the life insurance company itself.

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As I have mentioned, it is highly desirable that companies issuing variable annuities should guarantee the mortality and insurance expense assumptions in the variable contracts. Attempts to do this where a subsidiary is involved would require unnecessarily complicated reinsurance arrangements. Similarly, I have stressed the desirability of appropriate balance between provision for variable annuity income and provision for reasonable assured income from fixed-dollar sources. This would be difficult to achieve under the separate company approach.

It is hard to expect an issuing company to require balance with fixed-dollar plans if it has no such plans to sell. Variable annuities should be sold by life underwriters *as part of a variety* of personal security plans.

It is probable that one use of the variable annuities will be to provide an additional optional mode of settlement for life insurance death proceeds. It is natural and logical that such an option should be offered by and within a life insurance company. In addition, as I have emphasized, such life insurance features as a disability premium waiver, or a term insurance element in a death benefit—which might well be appropriate in variable annuity contracts—can only be offered by a company authorized to write life insurance.

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As another big reason why the wholly owned subsidiary approach is not suitable, bear in mind that a major use of variable annuities on a group basis will involve deposit-administration type plans where the policyholder may wish to use the variable basis only during the accumulation period with shift to fixed-dollar benefits at time of retirement. This arrangement would be greatly facilitated if both variable and fixed-amount plans were available from a single source, without requiring transfers of funds back and forth between companies.

Some have suggested that the wholly-owned subsidiary should not be a life insurance company at all but a new type of special purpose insurance company. This would mean that for a national operation it would be necessary to obtain new enabling legislation in each of the 48 states, to then obtain licenses to do business for the new corporation in each of the 48 states, and to obtain new and additional agents' licenses for thousands of life underwriters to represent the subsidiary company in addition to the parent life insurance company. If a subsidiary were used it would be quite logical to give it a name closely similar to that of the parent life insurance company, but under state laws this might often be difficult or impossible.

Restriction of the business to a subsidiary would cause complications from attempted joint use of the parent life insurance company's agency force, particularly where collective bargaining with more than one employer would be involved. It would give rise to difficulties as to agency supervision, compensation, fringe benefits, retirement plans, as to joint use of executive and investment personnel, and other areas of joint operation. There would be additional problems of subsidiary organization, financing, control, and expense allocations in relation to the parent.

Since the proposed segregation of the variable contract account in our type of approach is only for the special purpose of providing a yardstick for determining the unit values under contracts on a variable basis, it creates no general precedent for compartmentalization or fragmentation of other branches of the business of life insurance companies.

The frequent almost casual suggestion that life companies, particularly mutual life companies, should own subsidiaries, raises many basic problems entirely outside of the variable annuity field. Just within the past few weeks the attorney-general of New York has issued a far-reaching opinion which would bar a life company licensed to do business in New York—including an out-of-state company—from owning most of the stock of another company even though that other company be an insurance company.

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This opinion even raises questions as to the right to own a bare controlling interest in the stock of another insurance company. Naturally, in mentioning this opinion there is no intention to take sides in the important controversy that is there involved relating to proposed ownership of a fire company by a life company. But to anyone who has followed the discussions as to method in this variable annuity problem the New York attorney-general's opinion, so long as it stands, would seem to definitely foreclose the subsidiary approach—over and above all the other drawbacks of that approach.

Hogg Poses Questions on Variable Annuity

(CONTINUED FROM PAGE 2)

ments as to future performance. There are bound to be the same over-zealous statements that occur in the sale of speculative securities. Would this not mean revamping of sales methods?

Is it wise for the equity avenue of investment to be opened up to the life insurance business? Can we even estimate the extent of the difficulties that are sure to follow? How long will it take state supervision, through increased staffing and higher appropriations, to equip itself adequately to supervise? Are not present difficulties in the A&H business going to appear quite small compared to what we would face in the variable annuity business? There are many in the business who have long had fear of tampering with investment laws even in a limited way.

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Do we not assume other public relations problems in getting into the variable annuity business? Are we not simply getting into the investment trusts and mutual fund business under the guise of this new type of contract? Is the variable annuity business any more than a mutual fund scheme with a retirement pay-out geared to the life of the payee? Isn't it true that the variable annuity is nothing more than a mutual fund operation with an additional option at the end of the accumulation period?

In the variable annuity business would the basic contract be substantially different from the mutual fund agreement? Would not the sales argument be substantially the same? Is it any wonder that the mutual fund people view the variable annuity in the hands of life companies as a tremendous competitive contract? Is there any doubt about the life companies from the start, with their tremendous prestige, to say nothing of the talk about the guarantees, being in a position probably to overwhelm mutual fund operations?

Will not such a competitive role in

a new business be to our ultimate disadvantage? In such a struggle, where will some of the major battles be found? Already the securities and exchange commission has raised the question whether a life company can sell a variable annuity without complying with many federal statutes applicable to investment and sale of securities. . . . The question is now raised whether Congress intended, in exempting the annuity contract from the securities act of 1934, to cover such a thing as a variable annuity contract, which was not even in existence in 1934.

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Personally, it seems to me that the exemption in the existing statutes does keep the life companies from SEC jurisdiction even though they should go into the variable annuity business. Can much consolation be taken from this legalistic position? The SEC is credited with taking the position that if it does not have jurisdiction over a mutual fund operation merely because it is transacted by a life company it will ask Congress to extend its jurisdiction to do so.

Opposition to such expansion would have to be on the basis that (1) the variable annuity is a recognized field of life insurance operation. Would the life insurance business be very much in accord on such a proposition? (2) The variable annuity business of a life company would be adequately regulated by the states. How strong would we be in a demonstration of the adequacy of state regulation so far as it applied to the variable annuity business? Would we want an issue over the adequacy of state regulation to be pitched upon a new phase of operation where there has been no actual life insurance experience?

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It has been suggested that the writing of variable annuities through subsidiary companion companies would be cumbersome. Would it be any more cumbersome to use a given amount of life insurance company funds and create a wholly-owned subsidiary than it would be to take the same amount of funds and establish virtually a separate department within a company?

The variable annuity enthusiasts make their case upon the College Retirement Equities Fund-Teachers Insurance & Annuity setup—a subsidiary corporation method. Why not take CREF-TIAA in its entirety? As a matter of fact, aren't some of the advocates of the variable annuity building their case on CREF-TIAA and then by piecemeal taking it down by a series of departures?

More Insurers Report Record Results for '55

(CONTINUED FROM PAGE 1)

brought the total of such payments since organization to more than $140 million.

DOMINION LIFE

New business in Dominion Life exceeded $82 million in 1955, an increase of nearly 13%. Insurance in force gained $45,975,479 to total $649,773,905. The figure is almost 2½ times what it was at the end of 1945.

Total income of $23,267,183 was an all-time high and represented a gain of more than $1,150,000. Insurance and annuity premiums exceeded $17 million, with net investment income amounting to $5,802,245.

Assets climbed $9,992,039 to more than $146 million. The market value of securities exceeded the book value by more than $1,485,000. The net rate of interest earned on investments was 4.23%, comparing with 4.13% for 1954 and 4.03% in 1953.

The 1955 dividend scale is higher by 11% and the amount held for future payments has been increased to $2,650,000.

At the end of 1955, mortgage investments amounted to $55,922,352, representing 38.28% of assets.

FEDERAL LIFE

Federal Life of Chicago had new ordinary business in 1955 of $46,507,000, an increase of $9,937,000 over 1954. Insurance in force rose $29,750,000 to $247,703,247. A&H premiums from agency business amounted to $2,473,000, a 16% increase.

Assets went up $1,705,202 to $40,341,027, and the yield on investments advanced from 3.46% to 3.58%. Benefit payments increased $631,130 to total $4,836,520.

Seven new agencies were appointed during the year, and there was expansion of the recruiting and training program. The titles of three officers have been changed: Kenneth L. Merley, from vice-president and counsel to vice-president and general counsel; Lee H. Dunbar, from vice-president to vice-president-administration, and Mary E. Sloan from assistant actuary to associate actuary and assistant secretary.

JOHN HANCOCK

John Hancock life sales in 1955 totaled a record $2 billion. Largest sales were in ordinary, which totaled $1,270 billion.

Total life in force reached $17,387,138,000, up 10%. Group life passed the 15 billion mark. Ordinary reached $9 billion, and industrial amounted to $3 billion.

Policy payments totaled $312 million, up $27 million. There were 12 million individual policies in force at the year's end.

Assets total $4.5 billion, with 61.8% invested in bonds and notes, 23.4% in mortgages, 1.7% in real estate, 6.9% in stocks and the balance in policy loans and miscellaneous.

The net rate of return on total invested funds, after deducting all investment expenses except the federal income tax, was 3.53%.

Of payments to policyholders, 61% went to living policyholders and 39% were death benefits.

MANHATTAN LIFE

Manhattan Life sales in 1955 in all lines, including revivals and increases, totaled $162,431,205, up 22%, for a new record.

Insurance in force at year-end was $629,534,611, up $118 million, for the largest increase in a single year.

Admitted assets reached $100,230,037, up $9,899,157. Premium income totaled $19,039,485, up 18%. Payments to policyholders and beneficiaries totaled $8,741,229, up $1,027,349.

NORTH AMERICAN, CHICAGO

North American Life of Chicago has increased the number of stock shares from 500,000 to 750,000, boosting capital from $1 million to $1,500,00. The additional shares will be issued to holders of record Feb. 20, equal to 50% of the number of shares owned on that date. A dividend of 5% was declared on the 500,000 outstanding shares, payable Feb. 29 to stock of record Feb. 17. A dividend of 5% also will be declared on the 750,000 outstanding shares, payable Aug. 24 to stock of record Aug. 17.

New business in 1955 of $52,902,075 was a record, representing an increase of 60% over the previous year. Insurance in force reached $223,165,207, a gain of $32,908,911 as compared with a gain of $15,117,843 a year ago. A&S premiums reached a new high of $1,652,780, tripling in the last five years.

Assets total $39,560,360, up $2,567,099. The total invested in 1955 was $6,732,000 at a net yield of 4.38%. The net yield on all investments was 3.82% as against 3.66% the previous year. Earnings amounted to $290,484, which, after payment of the 10% cash dividend, increased capital and surplus to $3,121,529. Policy reserves gained $2,201,786, bringing the total to $33,480,067, not including reserves of $1,682,050 to guarantee special funds left with the company.

Benefit payments were $2,662,369, compared with $2,330,946. The mortality ratio was 35.9% of the expected as compared with 38.8%.

SUN LIFE, CANADA

Sun Life of Canada established an all-time high in 1955 with new business of $761,854,137. Insurance in force now stands at $6.5 billion, of which group accounts for $2,312,000,000. About 37% of the business in force is in the U. S.

Assets increased $72 million to $1,948,000,000. New scales, representing an increase for the seventh successive year, will result in a total 1956 dividend payment of $28 million. The rate of interest earned on assets increased to 4.17%

Annuities in force provide for payments of $149 million annually, of which 88% is represented by payments under group pension contracts. Total life insurance and annuity now in force may be considered the equivalent of $8,511,000,000 of life insurance, of which more than $3 billion is in force in the U. S. Benefit payments amounted to $136 million, bringing the total of such payments in company history to $3,002,988,000.

Mortgages in the U. S. and Canada were again a principal outlet for new investments. Some $108 million was placed in 1955 in home and other mortgages, bringing the total mortgage investment to $399,966,660. Substantial purchases of public utility and industrial bonds also were made.

Late News Bulletins . . .

(CONTINUED FROM PAGE 1)

group division; Howard A. Moreen to assistant vice-president, group division, and R. Douglas Swinehart, assistant vice-president, mortgage loan department. In Aetna Life and Aetna Casualty W. Braxton Dew becomes counsel, David S. McComb cashier, and Dudley R. Douglas associate auditor.

Other promotions in Aetna Life included M. Irwin Doxsee and George L. Hogeman to associate actuary, Donald S. Connell to superintendent of agencies, Paul H. Rogers, secretary A&S department, and Gray B. Larkum, manager mortgage loan department.

In Aetna Life and Aetna Casualty William F. Bardo becomes assistant secretary planning department, and William A. Grill Jr. assistant secretary accounts department. In Aetna Life Burton E. Burton, Kenneth K. Keene and Leslie R. Martin Jr. become assistant actuaries, Robert A. Bartlett, assistant secretary group division, Francis Healy, assistant secretary mortgage loan department, James H. Gormley, manager life accounts department, Dr. Carey Q. Stanton, assistant medical director, Henry A. Tilghman, assistant counsel, and William A. Aschaffenburg, assistant counsel mortgage loan department.

Mr. Beers was elected a director of the Aetna Life and Aetna Csualty.

In the newly created position of chairman of the Aetna Life companies, Mr. Brainard will share with the president responsibility in all matters of overall policy. Tuesday marked Mr. Brainard's 51st anniversary with the Aetna Life organization. He has been president 33 years.

Mr. Beers has been vice-president of Aetna Life since 1937 and in recent years has served as head of the group department under E. E. Cammack, vice-president and actuary. A graduate of Trinity College, he joined Aetna Life in 1923.

Postpone N. Y. Terminal Dividend Hearing

The New York insurance department hearing on terminal dividends scheduled for Feb. 17 has been postponed until March 16 at 10 a. m. in the New York City office. The postponement was granted at the request of several interested companies.

Murphy Chairman, Dow President of Equitable

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with changes in needs for financing.

Mr. Hogg, who assumes the new post of vice-chairman, joined the company in 1954 as senior vice-president and advisory counsel, after having been executive vice-president of American Life Convention. Before that he was associate general counsel of the Assn. of Life Insurance Presidents, predecessor of LIA. He took a prominent part in enactment of life insurance legislation in New York state.

In West Virginia, where he graduated from the state university, Mr. Hogg practiced law, served as Mason county prosecutor, state senator, and representative in congress. He is the author of numerous legal papers and articles and a book "*The Insurance Contract.*" He was elected a director of Equitable last year.

N. E. Life Ordinary Jan. Sales Set Record

New England Mutual Life ordinary sales in January totaled $78 million, up 16%, making it the top production month. The new peak broke the record set in January, 1955, when sales totaled $57 million.

As it did last January, the Byrnes agency in New York City led, with sales of $7 million. Nine other agencies topped the $2 million mark and 25 exceeded $1 million.

WHY THE *Business Woman* NEEDS A LIFE INSURANCE SPECIALIST

It's more and more apparent that career-minded women are finding success in positions of responsibility—even in today's competitive race for recognition. And even in the highly specialized areas of management and administration.

Certainly, many of the factors that make a woman successful in business are equally important in the management of her personal affairs. So it's only natural that the successful business woman recognizes the value of sound, intelligent assistance in setting up her own life insurance program. That's why she seeks out a *specialist*—an underwriter who has the special skills it takes to interpret the general advantages of life insurance in terms that meet her *specific* needs. And this is one of the basic reasons why so many women in business are turning to the man or woman who represents The Union Central Life Insurance Company.

From the very beginning, the Union Central underwriter is thoroughly trained to diagnose and solve a variety of individual financial problems as broad and diversified as the many situations in which they occur. He knows that the best life insurance solution in one set of circumstances is not necessarily best in another. And of course, it's this careful, analytical approach that determines whether or not the life insurance program is going to provide the complete and comprehensive protection the individual wants and needs.

The Union Central underwriter has this advantage, too. He's equipped with a wide assortment of low-cost policies issued from birth to age 70 to fit every situation. Furthermore, he's actively supported by an alert and cooperative Home Office. The Company's extensive research and planning consistently help him develop new, more effective ways to serve his policyholders. So for *specialized* assistance in setting up your program, it's smart to know the man or woman who represents The Union Central.

THE UNION CENTRAL LIFE INSURANCE COMPANY
CINCINNATI

This advertisement, adapted from a prospecting brochure designed specifically for this field, is just one example of many ways The Union Central supports its underwriters with specialized promotional material to fit every type of life insurance market.